HANDBOOK OF INVESTING IN CEFs, ETFs & ETNs

CAPITAL LINK FORUM

7th ANNUAL

Closed-End Fund and Global ETF Conference

April 16, 2008
New York City

Lead Sponsor

BLACKROCK

Invesco PowerShares

powerSHARES
Xchange Traded Funds™

Which Statement Describes You?

☐ I appreciate the flexibility, transparency and tax efficiency of ETFs.

☐ I value the expertise of professional, active investment managers.

Difficult to decide? Now you don't have to.
PowerShares now offers active ETFs – a revolutionary financial tool that offers you another choice:

☒ All of the above.

PowerShares **Active** ETFs

www.invescopowershares.com | 800.983.0903

There are risks involved with investing in actively-managed ETFs. The Funds are actively managed and because actively managed ETFs have not previously been traded, there can be no assurance as to whether and to what extent the Funds' Shares will trade at premiums or discounts to net asset value. Shares are not FDIC insured, may lose value and have no bank guarantee. You may lose money investing in the Funds.

"Tax-efficiency" is relative to mutual funds. Invesco PowerShares does not offer tax advice. Please consult your tax advisor for information regarding your own tax situation.

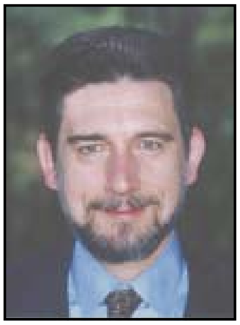
Shares are not individually redeemable and owners of the Shares may acquire those Shares from the Fund and tender those Shares for redemption to the Fund in Creation Units only, typically consisting of aggregations of 50,000 Shares.

Invesco Aim Distributors, Inc. is the distributor of the PowerShares Actively-Managed Exchange-Traded Fund Trust.

An investor should consider each Fund's investment objective, risks, charges and expenses carefully before investing. For this and more complete information about the Funds call 800.983.0903 or visit www.invescopowershares.com for a prospectus. Please read the prospectus carefully before investing.

FACILITATING THE EXCHANGE OF INFORMATION AND INTERACTION AMONG CEFs and ETFs AND INVESTORS

CEFs AND ETFs TODAY: OPPORTUNITY AND CHALLENGE



This is a particularly critical and interesting time in the development of the Closed-End Fund (CEF) and Exchange-Traded Funds (ETF) sectors. Both sectors today are at cross roads presenting investors with numerous challenges and opportunities. Closed-End Funds and ETFs have experienced a dramatic increase in the number and variety of asset classes available for investment. There is now a multitude of investment strategies and methods presenting investors with substantial choices fitting their objectives and risk profile.

CLOSED-END FUNDS

Closed-End Funds experienced significant growth in the first half of 2007 with $ 24 billion of new offerings, on track to break the $ 29 billion full year record set in 2003, when fallout from the residential subprime mortgage crisis paralyzed the capital markets and brought the industry to a standstill. Total new offerings for 2007 ended at $ 27.6 billion. Investor uncertainty about the direction of the economy, interest rates and inflation coupled with concerns about the credit markets had a negative impact on the broader market and thus on Closed-End Funds. Furthermore, the use of leverage has changed the dynamics of the Closed-End Fund industry, with several CEFs striving today for solutions to the illiquidity of the auction rate preferreds they issued.

The current situation, however, also presents investors with new challenges and opportunities in the Closed-End Fund market. The aggressive easing by the Federal Reserve can translate into lower borrowing costs for Closed-End Funds, while the wider discounts and the slowdown in the IPO market can direct investors to look for opportunities in the secondary market taking advantage of attractive current valuation levels. If the overall equity markets perform better in the remainder of the year, this can add another stimulus to the performance of Closed-End Funds.

ETFs AND BEYOND

ETFs experienced significant growth in 2007 with 271 new ETFs and a net cash inflow of $ 146 billion. The scope of ETFs has widened. Whereas at the beginning they were based on broad market-cap weighted indices, newer ETFs may now be based on indices with new approaches to weightings, rules-based models and thematic indices. Leveraged and inverse ETFs are also available thereby presenting investors with a wide range of investment alternatives.

Recently introduced indices weigh components based on company fundamentals such as dividends, earnings or book value rather than following the traditional weighting based on market capitalization. Traditional versus fundamental indexing is currently a key topic of interest among ETF sponsors and investors. ETFs now provide investors with the opportunity to invest in specific regions, countries, asset classes and sectors.

An innovative new type of investment-Exchange-Traded Notes, or ETNs - provides access to a variety of asset classes -such as equities, commodities and currencies- and strategies -such as momentum investing, which tracks industry groups in which stock prices are rising fastest.

STRATEGIC COMMITMENT TO CEFs AND ETFs

Today, more than ever before, investors seek a regular flow of information on the trends and developments in the industry and the increasing challenges, as well as investment alternatives available to them. Capital Link has made a strategic commitment to the Closed-End Fund and ETF sector aiming to facilitate the exchange of information among the funds and the investing public.

In this context, our Closed-End Fund and Global ETF Forum, in its 7th year now, plays a key role and has established itself as a key industry Forum. Its goal is to present the investment community with the latest developments and trends in the area of CEFs, ETFs and now ETNs and to facilitate the effective interaction among a diversified audience which includes analysts, fund managers, product specialists, financial planners, financial advisors, private bankers, retail and institutional brokers, and the investment community at large. At the same time, our web-based resources, www.closedendfundforum.com and www.etfforum.com provide investors with daily updated information on CEFs and ETFs.

Our cooperation with Stock Exchanges, analysts, major brokerage firms and financial advisors actively involved with CEFs and ETFs and our partnership with major financial media ensure a Forum agenda covering the latest and most interesting topics, as well as attendance by a large and high caliber investor group and continuing and extensive publicity after the event.

We want to express our sincere thanks and appreciation to the analysts, the sponsors and our media partners who have contributed to the continued success of this event.

CEF, ETF & ANALYST AWARDS

Within the context of our Forum, we also organize annually the Closed-End Fund & ETF Awards, aimed to identify and recognize those fund sponsors and executives who consistently apply high standards of financial disclosure, investor and shareholder relations and product innovation. The Awards are based on nominations by a committee of analysts and industry specialists who actively follow CEFs and ETFs. Capital Link is not part of the Nominating Committee.

We are also instituting the CEF & ETF Analyst Awards aimed to recognize those firms and individual analysts who contribute the most to the development of the CEF and ETF sectors with their research work. The Awards are based on nominations by a committee of industry participants from CEFs and ETFs. Capital Link is not part of the Nominating Committee.

With the occasion of the Forum, we took the initiative of putting together this Handbook to provide investors with lasting information on key topics covered in our Forum and as well as on the CEF and ETF industry in general. We hope you will find it useful.

Sincerely,
Nicolas Bornozis
President

7th ANNUAL
Closed-End Fund and Global ETF
CAPITAL LINK FORUM

Wednesday, April 16, 2008 - New York City

PROGRAM

7:15AM - 8:00AM	**BREAKFAST & REGISTRATION**	
	MORNING SESSION (West Lounge - 1st Floor)	
8:00AM	**Welcome Remarks**	**Nicolas Bornozis,** President, Capital Link, Inc.
8:00AM - 8:10AM	**INAUGURAL ADDRESS**	**Mr. Mario J. Gabelli** Chairman, CEO & CIO **Gamco Investors, Inc.** **CLOSED-END FUNDS**
8:10AM - 8:30AM	**CLOSED - END FUNDS** *Introduced by:* **Ms. Sangeeta Marfatia** Closed-End Fund Analyst, **UBS Wealth Management Research**	**CLOSED-END FUNDS IN 2008: AN OPPORTUNITY OR RISK?** **Mr. Doug Bond** EVP & Portfolio Manager, Closed-End Opportunity Fund, **Cohen & Steers**
8:30AM - 9:10AM	**INDUSTRY ROUNDTABLES** **CLOSED - END FUNDS** *Moderated by:* **Ms. Mariana Bush** Closed-End Funds & Exchange -Traded Funds Analyst, **Wachovia Securities**	**THE CATACLYSM OF LEVERAGE IN CLOSED-END FUNDS** **Mr. Steven A. Baffico,** Director of Strategic Initiatives, **BlackRock Investments** **Mr. Kenneth Fincher,** Vice President, Director of Product agement & Client Advocacy, **Calamos Investments** **Mr. Jonathan Isaac,** Vice President, Closed-End Funds, **Eaton Vance Managed Investments** **Mr. Jon Maier,** Investment Strategy Group - Closed-End Funds **Merrill Lynch** **Mr. Paul Williams,** Managing Director, New Product Development, **Nuveen Investments**
9:10AM - 9:50AM	**INDUSTRY ROUNDTABLES** **CLOSED-END FUNDS** *Moderated by:* **Mr. Kenneth Fincher** Vice President, Director of Product Management & Client Advocacy, **Calamos Investments**	**CURRENT TRENDS, OPPORTUNITIES & OUTLOOK** **Mr. Doug Bond,** EVP & Portfolio Manager, Closed-End Opportunity Fund, **Cohen & Steers** **Ms. Karen R. McColl,** CFA, Vice President, Investment Product Management, **Evergreen Investments** **Mr. Jeffrey Margolin,** Vice President and Closed-End Fund Analyst, **First Trust Advisors** **Mr. David Lamb,** Managing Director, Head of Modeling & Analysis Group, **Nuveen Investments**

GOLD SPONSOR

BlackRock

SILVER SPONSORS

Deutsche Börse Market Data

First Trust Advisors L.P.

Nuveen Investments

iShares

Invesco PowerShares

Merrill Lynch

ELEMENTS

BRONZE SPONSORS

Calamos Investments — Strategies for Serious Money

CBOE — Chicago Board Options Exchange

Cohen & Steers

9:50AM - 10:30AM	**FIXED INCOME INVESTING** *Introduced by:* **Mrs. Amy Charles** Senior Vice President, Director - Closed-End Fund Research, **Raymond James**	**INVESTING IN FIXED INCOME THROUGH ETFs** **Mr. Brendan Ahern,** Business Development Officer, **iShares Barclays Global Investors** **CATASTROPHE BONDS: A NEW AND UNIQUE ASSET CLASS - Pioneer Diversified High Income Trust (HNW)** **Mr. Michael Temple,** Vice President, Director of Fixed Income Credit Research, **Pioneer Investments**
10:30AM - 11:30AM	**EQUITY & TOTAL RETURN INVESTING** *Introduced by:* **Mr. Kristoph Rollenhagen** Sr.V.P.- Research, Closed - End Funds and ETFs, **Oppenheimer & Co**	**INVESTMENT OPPORTUNITIES IN SENIOR LOANS** **Mr. Dan Norman,** Senior Vice President & Group Head of the Senior Debt Group, **ING Investment Management** **EVERGREEN UTILITIES & HIGH INCOME FUND** **Mr. Timothy O'Brien,** Portfolio Manager, **Evergreen Investments** **INVESTMENT OPPORTUNITIES IN THE ENERGY INFRASTRUCTURE SECTOR** **Mr. David Schulte,** Managing Director, **Tortoise Capital Advisors**
11:30AM - 12:30PM	**THE EVOLUTION OF INDEXING AND ETFs** *Introduced by:* **Mr. Alex Reiss,** Analyst, V.P. Closed - End Fund & ETF Research, **Stifel Nicolaus**	**ACCESS TO EMERGING MARKETS - INVESTING WITH INNOVATIVE INDEX CONCEPTS** **Dr. Hartmut Graf,** Head of Issuer Data & Analytics, **Deutsche Börse AG** **THE EVOLUTION OF INDEXING AND ETFs** **Mr. H. Bruce Bond,** President & CEO, **Invesco PowerShares Capital Management** **A COMMON SENSE APPROACH TO INVESTING IN EMERGING MARKETS** **Mr. Luciano Siracusano,** Director of Research, **WisdomTree Investments**
12:30PM - 1:00PM	**KEYNOTE SPEAKER** BLACKROCK	**Mr. Robert S. Kapito,** President and Director **BLACKROCK INVESTMENTS** "The 21st Century Asset Management Business: Challenges, Opportunities and Beyond" Introduction by: Mr. Raymond L. Bell, Vice President, Global Corporate Client Group, **NYSE Euronext**

LUNCH BREAK **(Main Dinning Room - 3rd Floor)**

1:15PM - 2:15PM **CEF, ETF & ANALYST Awards Ceremony**

BRONZE SPONSORS

AFTERNOON SESSION (West Lounge - 1st Floor)

2:30PM - 2:50PM	**RISK MITIGATION STRATEGIES**	**CAN PUT-WRITE & BUY-WRITE INDEXES GENERATE HIGHER INCOME & RISK-ADJUSTED RETURNS?** **Mr. Matthew Moran,** Vice President, **Chicago Board Options Exchange (CBOE)**
2:50PM - 3:10PM	**EXCHANGE TRADED NOTES (ETNs)**	**BUILDING INVESTMENT PORTFOLIOS WITH EXCHANGE-TRADED NOTES (ETNs)** **Mr. Satch Chada,** Managing Director, Structured & Alternative Solutions, **Merrill Lynch** **Mr. Michael Forstl,** Managing Director, Structured products Consulting Group, **Nuveen Investments**
3:10PM - 3:50PM	**INDUSTRY ROUNDTABLES** **ETFs** *Moderated by:* **Mr. Paul Mazzilli** Director ETF Research, **Morgan Stanley**	**FUNDAMENTAL versus TRADITIONAL INDEXING** **Mr. Dodd F. Kittsley,** CFA, Strategist, **iShares Barclays Global Investors** **Mr. Edward McRedmond,** SVP - Portfolio Strategies, **Invesco PowerShares Capital Management** **Mr. Luciano Siracusano,** Director of Research, **WisdomTree Investments** **Mr. Tom Anderson,** CFA, Vice President and Head of Strategy and Research, **State Street Global Advisors** **Mr. Paul Drakeley,** Account Sales Executive, **Vanguard Financial Advisor Services (VFAS)**
3:50PM - 4:30PM	**INDUSTRY ROUNDTABLES** **ETFs** *Moderated by:* **Mr. Joe Witthohn** Director ETF Research, **Janney Montgomery Scott**	**CURRENT TRENDS, OPPORTUNITIES & OUTLOOK** **Dr. Hartmut Graf,** Head of Issuer Data & Analytics, **Deutsche Börse AG** **Mr. Jeffrey Margolin,** Vice President, **First Trust Advisors** **Mr. Ben Fulton,** Executive VP, Global Product Development, **Invesco PowerShares** **Ms. Jill Iacono,** Vice President and Director of National Accounts, **State Street Global Advisors** **Mr. Paul Drakeley,** Account Sales Executive, **Vanguard Financial Advisor Services (VFAS)**
4:30PM - 5:15PM	**INDUSTRY ROUNDTABLES** **INVESTING THROUGH CEFs, ETFs and ETNs** *Moderated by:* **Mr. Dennis Emanuel** Managing Director, CEF & ETF Research, **Citigroup Investment Research**	**USING ETFs, CEFs AND ETNs IN INVESTMENT PORTFOLIOS** **Mr. Brian D'Anna,** Senior CEF Specialist, **BlackRock** **Mr. Dodd F. Kittsley,** CFA, Strategist, **iShares Barclays Global Investors** **Mr. Michael Jones,** Chairman & CEO, **Riverfront Investment Group** **Mr. Michael Forstl,** Managing Director, Structured Products Consulting Group, **Nuveen Investments** **Mr. Jamie Block,** Wealth Advisor, **Morgan Stanley** **Ms. Deborah Fuhr,** Managing Director, **Morgan Stanley**, Consolidated Equities
5:15PM - 6:30PM	**COCKTAIL RECEPTION**	

7th ANNUAL
Closed-End Fund and Global ETF Conference

BRONZE SPONSORS

SPONSORS

MEDIA PARTNERS

CEF AWARDS

NOMINATING COMMITTEE

Herb Blank, SVP, Head of Quantitative Products, Rapid Ratings International

Mariana Bush, Closed-End Funds & Exchange Traded Funds Senior Analyst, Wachovia Securities

John Cejka, Manager of Fixed Income Research & Closed-End Funds, A.G. Edwards

Amy Charles, Director, Closed-End Fund Research, Raymond James & Associates

Dennis Emanuel, Managing Director, Closed-End Fund & ETF Research, Citigroup Investment Research

Jon Maier, Senior Director, Closed-End Fund Research, Investment Strategy Group, Merrill Lynch

Sangeeta Marfatia, Closed End Fund Analyst, Director, UBS Wealth Management Research

Paul Mazzilli, Director of ETF Research, Research, Morgan Stanley

Alex Reiss, Analyst, V.P., Closed-End Fund & ETF Research, Stifel Nicolaus

Kristoph Rollenhagen, Sr. V.P. -Exchange-Traded & Closed-End Funds, Oppenheimer & Co.

Joseph G. Witthohn, Director of ETF Research, Janney Montgomery Scott

Darren Young, Product Manager – Exchange Traded Funds and Notes, RBC Wealth Management

Introduction by:
Nicolas Bornozis, President, Capital Link

MOST INNOVATIVE NEW CLOSED-END FUND IN 2007

To the Fund Sponsor who came up with the most innovative New Product in 2007

Winner:
Eaton Vance Management for the Risk-Managed Diversified Equity Income Fund (NYSE: ETJ)

BEST SHAREHOLDER RELATIONS BY A NON-US CEF FUND FAMILY IN 2007

To the Fund Sponsor who practices best financial disclosure and is proactive in shareholder communications

Winner:
ING Investment Management

BEST SHAREHOLDER RELATIONS BY A US EQUITY CEF FUND FAMILY IN 2007

To the Fund Sponsor who practices best financial disclosure and is proactive in shareholder communications

Winner:
Eaton Vance Management

BEST SHAREHOLDER RELATIONS BY A FIXED INCOME CEF FUND FAMILY IN 2007

To the Fund Sponsor who practices best financial disclosure and is proactive in shareholder communications

Winner:
Nuveen Investments

BEST INVESTOR RELATIONS CEF WEBSITE IN 2007

To the Fund Sponsor who maintains the most informative and user friendly financial website

Winner:
Nuveen Investments

FOR CONTRIBUTION TO THE CLOSED-END FUND SECTOR IN 2007

Awarded to an individual for his/her contribution to the Closed-End Fund sector in 2007

Winner:
David Lamb, Managing Director, Head of Modeling & Analysis Group, Nuveen Investments

ETF AWARDS

NOMINATING COMMITTEE

Herb Blank, SVP, Head of Quantitative Products, Rapid Ratings International

Mariana Bush, Closed-End Funds & Exchange Traded Funds Senior Analyst, Wachovia Securities

John Cejka, Manager of Fixed Income Research & Closed-End Funds, A.G. Edwards

Amy Charles, Director, Closed-End Fund Research, Raymond James & Associates

Dennis Emanuel, Managing Director, Closed-End Fund & ETF Research, Citigroup Investment Research

Jon Maier, Senior Director, Closed-End Fund Research, Investment Strategy Group, Merrill Lynch

Sangeeta Marfatia, Closed End Fund Analyst, Director, UBS Wealth Management Research

Paul Mazzilli, Director of ETF Research, Research, Morgan Stanley

Alex Reiss, Analyst, V.P., Closed-End Fund & ETF Research, Stifel Nicolaus

Kristoph Rollenhagen, Sr. V.P. -Exchange-Traded & Closed-End Funds, Oppenheimer & Co.

Joseph G. Witthohn, Director of ETF Research, Janney Montgomery Scott

Darren Young, Product Manager – Exchange Traded Funds and Notes, RBC Wealth Management

MOST INNOVATIVE NEW ETF IN 2007
To the Fund Sponsor who came up with the most innovative New Product in 2007
Winner: Invesco PowerShares Capital Management for the PowerShares S&P 500 BuyWrite ETF (NYSE:PBP)

BEST SHAREHOLDER RELATIONS IN 2007
To the Fund Sponsor who practices best financial disclosure and is proactive in & shareholder communications
Winner: Barclays Global Investors

BEST INVESTOR RELATIONS ETF WEBSITE IN 2007
To the Fund Sponsor who maintains the most informative and user friendly financial website
Winner: Barclays Global Investors

MOST INNOVATIVE INDEX IN 2007
To the Fund Sponsor who came up with the most innovative Index in 2007
Winner: Mergent, Inc. & Ryan ALM, Inc.
For the Mergent/Ryan ALM Investible Benchmark Bond Indices

FOR CONTRIBUTION TO THE ETF SECTOR IN 2007
Awarded to an individual for his/her contribution to the ETF sector in 2007
Winner: Edward McRedmond, SVP, Portfolio Strategies, Invesco PowerShares Capital Management

BEST ETF FOCUSED PUBLICATION IN 2007
Awarded to the publication covering the ETF sector most thoroughly
Winner: Exchange Traded Funds Report (ETFR), Jim Wiandt, Editor

The Annual Closed-End Fund & ETF Awards, an initiative of Capital Link, a New York based investor relations and financial communications firm, aim to identify and recognize annually those fund sponsors and executives who consistently apply high standards of financial disclosure, investor and shareholder relations, as well as product innovation.

The Awards are based on nominations by a committee of analysts and industry specialists who actively follow CEFs and ETFs. Capital Link is not part of the Nominating Committee. Also, members of the Nominating Committee cannot be candidates for the Awards. The Awards are presented within the context of the Annual Forum on Closed-End Funds & Global ETFs organized by Capital Link.

CEF ANALYST **AWARDS**

NOMINATING COMMITTEE

Steven A. Baffico, Director of Strategic Initiatives, BlackRock Investments

Doug Bond, EVP & Portfolio Manager, Closed-End Opportunity Fund, Cohen & Steers

Tony Clarizio, V.P. Product Manager, Pioneer Investments

David Lamb, Managing Director, Head of Modeling & Analysis Group, Nuveen Investments

Kenneth Fincher, Vice President, Director of Product Management & Client Advocacy, Calamos Investments

Jonathan Isaac, Vice President, Closed-End Funds, Eaton Vance Managed Investments

Jeffrey Margolin, Vice President and Closed-End Fund Analyst, First Trust Advisors

Jake Tuzza, Vice President, Structure Assets & Innovation, ING Investment Management

BEST RESEARCH TEAM FOR CLOSED-END FUNDS IN 2007
Winner:
Citi Smith Barney

FOR CONTRIBUTION TO THE CLOSED-END FUND SECTOR IN 2007
Awarded to an analyst for his/her contribution to the Closed-End sector in 2007
Winner:
Mariana Bush, Closed-End Funds & Exchange Traded Funds Senior Analyst, Wachovia Securities

ETF ANALYST **AWARDS**

NOMINATING COMMITTEE

Tom Anderson, Vice President and Head of Strategy and Research, State Street Global Advisors

Keith Botti, Strategist, ProShare Advisors

Dodd F. Kittsley, Strategist, iShares Barclays Global Investors

Jeffrey Margolin, Vice President and Closed-End Fund Analyst, First Trust Advisors

Edward McRedmond, SVP - Portfolio Strategies, Invesco PowerShares Capital Management

Adam Phillips, ETF Director, Van Eck Global

Melissa Nassar, Principal, Vanguard Financial Advisor Services

Luciano Siracusano, Director of Research, WisdomTree Investments

BEST RESEARCH TEAM FOR EXCHANGE-TRADED FUNDS IN 2007
Winner:
Morgan Stanley

FOR CONTRIBUTION TO THE ETF SECTOR IN 2007
Awarded to an analyst for his/her contribution to the ETF sector in 2007
Winner:
Mariana Bush, Closed-End Funds & Exchange Traded Funds Senior Analyst, Wachovia Securities

The Annual CEF & ETF Analyst Awards, an initiative of Capital Link, a New York based investor relations and financial communications firm, aim to identify and recognize annually those firms and analyst who contribute the most to the developments of these sectors with their research efforts and work during the year.

The Awards are based on nominations by a committee of industry participants among CEFs and ETFs. Capital Link is not part of the Nominating Committee. The Awards are presented within the context of the Annual Forum on Closed-End Funds & Global ETFs organized by Capital Link.

Amy Charles
(727) 567-5328
Amy.Charles@RaymondJames.com

Carl Davis
Carl.Davis@RaymondJames.com

Dean Wortz
Dean.Wortz@RaymondJames.com

Camp Crosby
Camp.Crosby@RaymondJames.com

EQUITY RESEARCH

February 11, 2008

Closed-End Funds 101

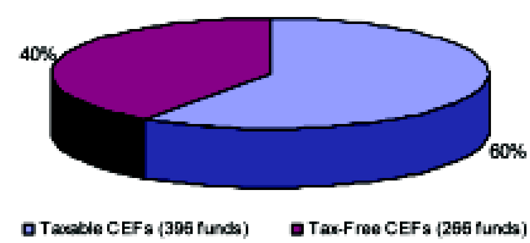
Closed-end funds (CEFs) are investment vehicles, actively managed by separate entities known as investment advisors, distinguished by their unique features and benefits. There are currently over 600 CEFs, each with their own unique investment objective, be it capital growth, current income, or a combination of the two. Shares of CEFs are created through an initial public offering (IPO), after which they trade on a major stock exchange, similar to common stocks. As a result of trading on an exchange, CEFs will have both a market price and a net asset value (NAV). Market prices fluctuate based on supply and demand and typically trade above (premium) or below (discount) the fund's NAV. This characteristic, as well as others explained throughout this report, differentiate CEFs from their open-end mutual fund counterparts.

Types of Closed-End Funds

Tax-Free (Municipal) Funds

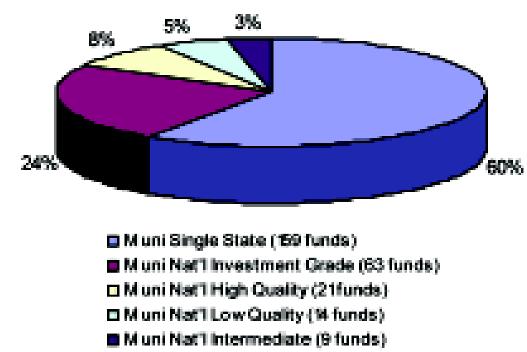
Municipal funds account for a little less than half of all CEFs. These funds seek to provide current income exempt from regular federal income tax by investing in municipal securities - bonds issued by state and local governments and agencies. Single-state municipal funds are intended to provide income free from state-related taxes as well. Options available within the municipal fund sector besides the typical investment-grade long-term funds are insured funds, intermediate-term funds, and funds with substantial amount of low-quality or non-rated funds. A breakdown of these various sub-sectors can be seen in Chart B to the right. The majority of municipal funds utilize a leveraging strategy, which is explained in greater detail later in this report.

Chart A **662 Closed-End Funds (2/8/08)**



Source: Raymond James

Chart B **Tax-Free Funds (2/8/08)**



Source: Raymond James

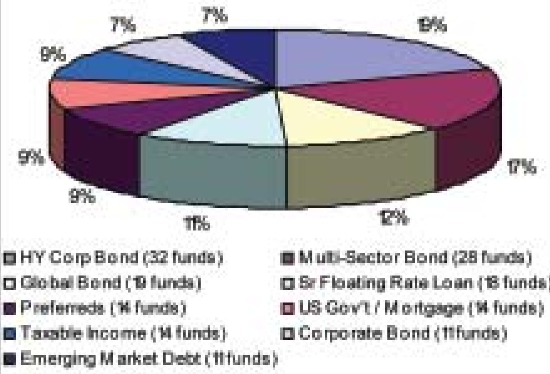
Taxable Funds

The taxable fund arena can be broken down into two categories - income-oriented funds and equity-oriented funds. Those hybrid funds that combine the two objectives are typically categorized as equity-oriented under the sector equity-income.

Taxable income funds invest in bonds or other debt-related instruments. These include securities such as mortgage-backed securities, U.S. government bonds, corporate bonds, senior bank loans, and preferred stock. Some funds concentrate on one particular type of debt instrument, while others invest in various forms of debt securities (i.e. multi-sector bond funds). There are also a number of funds that invest in international securities, both in developed and emerging market countries. A breakdown of the various sectors within the taxable income fund category is available in Chart C.

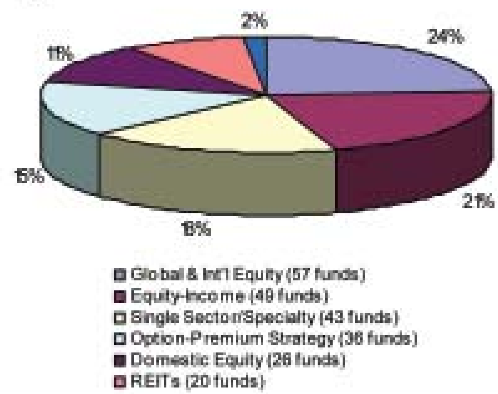
There are a wide array of equity-oriented funds to suit both investors looking for broad-based equity allocations and sector-specific allocations. Chart D represents a breakdown of the various sectors of equity funds. Global/international equity funds invest in both U.S. and foreign equity securities. While some funds are fully diversified throughout various countries, there are also funds available that invest specifically in equity securities of one country. Domestic equity funds invest primarily in companies whose common stock are both listed and incorporated in the U.S. There are also many sector-specific or specialty funds that invest in specific industries or circumstances, such as master limited partnerships (MLPs), real estate investment trusts (REITs), or venture capital investments. The option-premium sector is one of the newest sectors. Option-premium funds offer a way to play a sideways equity market and receive income. While each fund's strategy differs, the main objective is to invest in a portfolio of common stocks and write call options on those stocks or comparable indexes. The premium received on the call options then flows through to investors through distributions by the fund on a monthly, quarterly, or semi-annual basis. Lastly, equity-income funds provide exposure to portions of both the equity and debt markets. Many of these funds pass income through to shareholders on a monthly or quarterly basis.

Chart C Taxable Income Funds (2/8/08)



Source: Raymond James

Chart D Equity-Oriented Funds (2/8/08)



Source: Raymond James

Open-End Funds vs. Closed-End Funds

Characteristic	Open-End Mutual Funds	Closed-End Funds
Purchase price	End of day NAV	Market price set by supply and demand
Prices change	Daily – close of business	Intra-day
Transaction prices include	Sales, redemption charges	Standard commission
Shares sold to/purchased from	Fund company	Secondary market (NYSE, AMEX)
Shares offered by fund company	Continuously	Primarily at IPO

CEFs differ in many respects from open-end funds, better known simply as mutual funds. Both generally benefit from active professional management, diversification, and stated investment objectives. However, mutual funds typically issue and repurchase shares directly, as needed. Shares are purchased and sold at NAV, calculated at the end of the trading day, rather than at a market price determined by supply and demand. Thus, the price reflects the value of the underlying securities, rather than demand for the fund. Higher liquidity can make mutual funds less volatile investments than CEFs, but the need to hold cash positions to satisfy redemption requests can negatively affect returns in a favorable market. Conversely, CEFs can be fully invested and hold little or no cash position in their portfolios. In addition, CEFs do not incur the ongoing costs associated with creating and redeeming shares and typically have lower expense ratios than standard mutual funds. There are also no minimum investment restrictions or minimum holding periods on purchases of CEF shares.

Capital Structure

The assets of CEFs are raised during an IPO and the shares outstanding are then generally fixed. Funds that invest within a small universe may choose to impose a cap on the IPO due to liquidity constraints. The closed-end structure allows the manager to be fully invested at all times. CEFs are not subject to daily redemption requests, so managers are not forced to satisfy demand by increasing their investment in potentially over-valued markets or to sell attractive prospects in a declining market. In addition, the yield on CEFs can be higher due to low cash positions, as a larger cash position can lower the overall yield of the portfolio. Furthermore, the fixed asset base facilitates investment in specialized areas such as illiquid markets.

The fund's outstanding shares typically remain relatively constant and additional shares are generally only issued through a rights offering or dividend reinvestment program. A rights offering is an offering of new shares to current investors at a subscription price that is typically lower than the current share price and/or NAV. CEFs typically engage in rights offerings to take advantage of favorable market conditions.

The primary negative effect of the closed-end structure is the possibility of illiquidity. Since shares cannot be purchased or sold directly through the fund company, there are limitations on trading volume. If an order is placed that would materially increase the day's trading volume above the average, the price rises to correct this increase in demand. Likewise, if an investor wishes to sell an unusually large number of shares, the price will drop to a level where there are enough investors willing to purchase this large number of shares. The potential effect of reduced liquidity is that CEFs can experience share price volatility above that of mutual funds.

Discounts and Premiums

CEF shares can trade at discounts or premiums to NAVs. This is advantageous for investors seeking to maximize yield through fixed-income CEFs. Consider a bond fund that pays out a 10% dividend on its NAV, currently $10.00. If the fund trades at a 10% discount, a $9.00 investment will produce the same dividend as investing in the individual securities at NAV. The yield will be: 1.00 / 9.00 = 11.11%, by virtue of the discount. This is an improvement over the yield if the fund were trading at NAV: 1.00 / 10.00 = 10.00%. As illustrated, purchasing the fund at a discount improves the yield by 111 basis points. However, the potential for enhanced yield comes at the cost of increased risk. Unfavorable price movements can lead to lower returns than if the fund were trading at NAV. For example, consider the same fund, purchased at a 10% discount for $9.00. Suppose the share price drops further to $8.00, while the NAV remains unchanged. The dividend yield a current shareholder receives will remain the same, but will be offset by the decrease in share price upon trading the share. CEFs can also trade at a premium, or a price higher than NAV. Factors that affect discounts and premiums include relative performance and yield, name recognition of the manager, a large amount of illiquid holdings, liquidity pressures, and a significant amount of unrealized appreciation.

Dividends and Distributions

CEFs pay out earnings to their investors in two ways: income dividends and capital gains distributions. For clarification purposes, dividends for closed-end funds are comprised of one or more of the following: interest income, dividend income, short-term/long-term capital gains, and return of capital. At the end of the fund's fiscal year, the fund will typically reclassify dividends paid into the above categories for tax purposes. Income funds pass through to the shareholders interest and dividends from their investments. Fixed income funds typically have monthly or quarterly dividend payouts. Equity funds generally pay out dividends on a quarterly, semi-annual, or annual basis. Income from dividends is typically taxable, with the exception of that from municipal bond funds, which may be exempt from certain taxes. CEFs pay to shareholders their realized capital gains through capital gains distributions, typically at the end of the year. Income-oriented funds may maintain a balance of undistributed net investment income (UNII), or cushion, to help stabilize dividend payouts. Despite this, CEFs may reduce their dividends in the event of a shortfall in earnings performance, which can negatively affect prices. Investors are also able to reinvest their distributions in additional shares of a fund to increase invested capital.

Some CEFs have managed distribution policies - commitments to providing investors with a stable, predictable cash flow, typically on a monthly or quarterly basis. These distributions are typically composed of dividend income, interest income, net realized capital gains, and/or non-taxable return of capital. They can be either fixed or based on a percentage of assets under management. These distributions are not guaranteed. The majority of managed distribution funds invest in equity securities. The advantage of this policy is that the investor can possibly achieve equity returns while also receiving a regular cash flow. The primary disadvantage is that providing investors with cash flow requires removing assets from the fund. This can entail holding a higher cash position, which dilutes returns. Such a policy can also result in misleading yield data, as return of capital should not be counted as yield.

Leverage

The fixed capital structure allows for efficient use of leverage. Income-oriented CEFs, particularly fixed-income funds, employ leverage to enhance yield by capturing the spread between the long and short rates without having to sacrifice credit quality. The most common form of leverage is the issuance of auction-rate preferred shares. After an IPO, the fund may choose to raise additional funds by issuing preferred shares. The funds are then used to purchase more securities within the investment objective. The goal is to capture the spread, the difference between the short rate paid to finance the purchase of the additional securities and the interest paid on these securities. The average closed-end municipal bond fund leverages approximately 35% of its assets. Leveraged funds typically benefit the most in decreasing interest rate environments. Equity funds may also utilize a leveraging strategy to increase return performance. Many of these funds issue fixed-rate preferred shares, but either way it may still magnify both the gains and losses of the portfolio over that of a non-leveraged fund.

Pertaining more to the use of leverage in fixed-income funds, there are two primary situations in which leverage-enhanced yield is negatively affected - a flattening yield curve and an inverted yield curve. During a flattening yield curve, short rates approach long rates and the spread earned declines. In the case of the inverted yield curve, short rates rise above long rates, resulting in a negative spread. In this environment, the portfolio managers can call the preferred shares, usually at a loss, which is absorbed by the common shareholders. Other leveraging methods include reverse repurchase agreements and dollar roll transactions. The investor should be aware that leverage increases share price volatility and market risk. Some funds may over-earn their dividends at times when interest rates are favorable for leverage, thus accruing a cushion of undistributed net investment income (UNII). This UNII account can then be used to maintain dividend stability when earnings fall short due to unfavorable moves in interest rates. Additionally, funds may hedge their leveraging costs for periods of time in order to reduce the effects of rising interest rates on the earned spread. This is typically done through interest rate swaps or special fixed dividend periods on their preferred shares.

General Risk Factors Related to Closed-End Funds

Risk factors pertaining to closed-end funds vary from fund to fund. The following list of risk factors provides a review of those associated with generalized closed-end fund investing. Not every risk factor in this list will pertain to each closed-end fund. Based on these risk factors and others, not every fund may be suitable for all investors.

1. *Past performance is not indicative of future results.*

2. *Market Risk:* Securities may decline in value due to factors affecting securities markets generally or particular industries. The value of a trust/fund may be worth less than the original investment.

3. *Valuation Risk:* Common shares may trade above (a premium) or below (a discount) the net asset value (NAV) of the trust/fund's portfolio. At times, discounts could widen or premiums could shrink, either diluting positive performance or compounding negative performance. There is no assurance that discounted funds will appreciate to their NAV.

4. *Interest Rate Risk:* Generally, when market interest rates rise, bond prices fall, and vice versa. Interest rate risk is the risk that the bonds and/or other income-related instruments in a fund's portfolio will decline in value because of increases in market interest rates. The prices of longer-maturity securities tend to fluctuate more than those of shorter-term securities.

5. *Credit Risk:* One or more securities in a trust/fund's portfolio could decline or fail to pay interest or principal when due. Income-related securities of below investment grade quality are predominately speculative with respect to the issuer's capacity to pay interest and repay principal when due and, therefore, involve a greater risk of default.

6. *Concentration Risk:* A trust/fund that invests a substantial portion of its assets in securities within a single industry or sector of the economy may be subject to greater price volatility or adversely affected by the performance of securities in that particular sector or industry.

7. *Reinvestment Risk:* Income from a trust/fund's bond portfolio will decline if and when the trust/fund invests the proceeds from matured, traded, or called bonds at market interest rates that are below the portfolio's current earnings rate. A decline in income could affect the common shares' market price or their overall returns.

8. *Leverage Risk*: The use of leverage may lead to increased volatility of a trust/fund's NAV and market price relative to its common shares. Leverage is likely to magnify any losses in the trust/fund's portfolio, which may lead to increased market price declines. Fluctuations in interest rates on borrowings or the dividend rates on preferred shares as a result of changes in short-term interest rates may reduce the return to common shareholders or result in fluctuations in the dividends paid on common shares. There is no assurance that a leveraging strategy will be successful.

9. *Foreign Investment Risk:* Investment in foreign securities (both governmental and corporate) may involve a high degree of risk. Trusts/funds invested in foreign securities are subject to additional risks such as, but not limited to, currency risk and exchange-rate risk, political instability, and economic instability of the countries from where the securities originate. In regards to debt securities, such risks may impair the timely payment of principal and/or interest.

10. *Alternative Minimum Tax (AMT):* A trust/fund may invest in securities subject to the alternative minimum tax.

11. *Actively Managed Portfolios have Fluctuating Dividends:* The composition of the trust/fund's portfolio could change, which, all else being equal, could cause a reduction in dividends paid to common shares. Certain closed-end funds invest in common stocks. The dividends from these common stocks are not guaranteed and will fluctuate. Fluctuations in dividend levels over time, up and down, are to be expected.

12. *The securities selected by Closed-End Fund Research could underperform comparable trusts/funds.* There is no assurance that the recommended trusts/funds will outperform their peer group.

13. *There is an inherent risk of capital loss associated with all closed-end funds.*

Conclusion

Closed-end funds offer an opportunity for investors to achieve attractive returns by taking advantage of their unique characteristics. The majority of CEFs currently trade at a discount to NAV, making them potentially attractive investments with multiple ways to achieve capital gains and enhanced returns. Closed-end funds are investments that provide investors with a unique way to achieve their investment objectives. Because of share price volatility, investors can benefit from the in-depth research offered by Closed-End Fund Research. Closed-End Fund Research seeks to provide Raymond James' Financial Advisors and their clients with the most relevant, comprehensive, and current data and research available on closed-end funds and to provide unbiased opinions.

All statistics provided by Raymond James & Associates, unless otherwise noted.

COHEN & STEERS

Boomers Drive Demand

By Doug Bond

The secondary market for closed-end mutual funds has long presented attractive opportunities for bargain-hunting investors, as the funds usually trade at discounts to the net asset value (NAV) of the securities they hold. At one point last summer, investors with flawless timing could have picked up a dollar's worth of closed-end fund shares for eighty-five cents. The discount has narrowed since then, to 6.8% in March, but even so, the careful shopper can still find plenty of bargains.[1]

Discounts aren't the only story closed-end funds have to tell, however; they also offer attractive yields to an investor class that is hungry for income—that is, boomers gearing up for retirement. The baby boom segment of the U.S. population—the U.S. Census Bureau reports 82.8 million citizens born between 1946 and 1964—is the country's largest group of investors, and they are beginning to position their portfolios for safety and yield as the oldest among them become eligible for Social Security this year.

To complicate matters, boomers are far less likely than their parents to have a defined benefit pension plan, and are far less inclined to relocate to Sunbelt communities to cut expenses. As estimates place Social Security payments at well less than half of pre-retirement income (and scheduled to decline as a proportion) they will be responsible for making up the difference. And so closed-end funds that yielded, on average, 7.3% in March 2007 and 9.7% in March 2008 may sound pretty good to people who want to boost their incomes in a time of unsettled markets.

Debt securities are the traditional targets for retirees in search of yield and safety. In today's low interest-rate environment—10-year Treasurys are yielding 3.4%, 1.2% less than a year ago, and narrow spreads between short- and long-term rates are impeding leveraged fixed-income strategies—high-quality bonds have lost some of their appeal.[2] In contrast, closed-end funds' average yield of 9.7% is more than 2% higher than it was a year ago.[3] The rally in closed-end fund yields is largely due to the launch of record numbers of high-dividend innovative strategies, such as convertibles and dividend capture, as well as international/global debt and equity and multi-strategy offerings.

As a result, existing investment sectors have expanded significantly and, in some instances, entirely new closed-end fund subsectors have emerged, including covered call, tax-advantaged, limited duration and master limited partnership funds. In these four categories alone, there are more than 65 funds with $42 billion in market capitalization.[4] Existing investment subsectors also have mushroomed as a result of the increased demand for yield. Prior to 2001, there were only two real estate investment trust closed-end funds; now there are 25.[5] Seven of the 12 current convertible funds—with a total market capitalization of $4.5 billion—have come on line since 2002.[6]

For financial advisors and financial planners, this is an opportunity to fill a real need. Determine your clients' income requirements, evaluate their risk comfort level and study the universe of closed-end funds. Chances are, you'll find what they're looking for.

***Doug Bond** is an executive vice president and portfolio manager with Cohen & Steers, a manager of high-income equity portfolios specializing in U.S. REITs, international real estate securities, preferred securities, infrastructure and utilities, and large-cap value stocks. Mr. Bond manages Cohen & Steers' Closed-End Opportunity Fund (NYSE: FOF), which is a closed-end fund of closed-end funds.*

---

[1] *Bloomberg, Cohen & Steers*
[2] *Bloomberg*
[3] *Bloomberg, Cohen & Steers*
[4] *Bloomberg, Cohen & Steers*
[5] *Bloomberg, Cohen & Steers*
[6] *Bloomberg, Cohen & Steers*

Leverage and Auction Rate Preferred Securities

In the following summary, Pioneer Investments provides a primer on the use of leverage in conjunction with Auction Rate Preferred Securities in closed-end products.

1. How does leverage work in a closed-end fund?

Closed-end funds often issue preferred shares with the goal of paying higher dividends on the fund's common shares. A fund, in essence, borrows money at short-term rates by issuing preferred shares (or by utilizing other techniques) and invests the proceeds in longer-term securities. This technique, known as leverage, allows the fund to capture the "spread," if any, between short- and long-term rates. More importantly, it allows the fund to invest in assets that have a higher yield than the cost of the leverage. This spread is then passed along to owners of common shares as incremental dividends.

2. How much do closed-end funds typically leverage their common shares?

Closed-end funds typically have leverage ratios of between 33% to 50% of total assets. For example, if a closed-end fund with $100 million in assets were to borrow $50 million, it would have a ratio of $50/($100+$50) or 33%. Expressed another way, that fund would have "3 to 1" asset coverage, meaning that there were $150 million in total assets divided by $50 million in borrowings. Conversely, a fund that had a leverage ratio of 50% would have an asset coverage ratio of 2 to 1.

3. What is the minimum asset coverage ratio for leveraged closed-end funds?

The asset coverage ratio is the amount of collateral closed-end funds must have in order to issue preferred shares. The Investment Company Act of 1940 requires that closed-end funds have at least $2 of collateral for every $1 of leveraged security issued (a ratio of 2 to 1).

4. How do auction rate preferred shares issued by closed-end funds work?

Auction rate preferred shares are securities issued by a closed-end fund, the proceeds from which are utilized primarily to purchase additional assets for a fund. The securities are sold through an 'auction' that is held at predetermined intervals (usually every 7 or 28 days) to reset the dividend rate.

A fund obtains cash proceeds from the sale of the preferred shares at current auction rates and invests the proceeds into its primary asset class — for example, municipal bonds. These periodic auctions provide the opportunity for the rates on the securities to be adjusted to reflect current market conditions. The flexible structure of these securities helps provide investors with a combination of benefits that may include competitive yields, frequent dividend payments, tax exempt (where applicable) income and a high degree of principal protection.

During an auction, buyers and sellers — starting with the lowest bidders — are matched, and all the bidders receive the highest rate required to clear, or complete, the auction.

5. Are closed-end funds the only issuers of auction rate securities?

No. Auction rate securities also are issued by municipalities, utilities, and student loan authorities to name a few.

6. What are the risks for an investor in auction rate preferred shares issued by a closed-end fund?

There are two main types of risk associated with closed-end fund-issued auction rate preferred shares — credit risk and liquidity risk. Credit risk means that shareholders could get back less than the par value of the preferred shares due to changes in the value of a fund's portfolio holdings. Closed-end funds issuing leverage must adhere to minimum asset coverage ratios as prescribed by the Investment Company Act of 1940 (See response to Question 3 above).

80 years

PIONEER Investments®

For example, if a fund has a 33% leverage ratio at the beginning of the period, the value of its total assets could decline by a third and still be within the required 2 to 1 coverage ratio required by law.

Liquidity risk is the possibility that preferred shareholders might be unable to redeem their shares at an auction; i.e., liquidate their preferred shares for cash every 7 or 28 days. Additional risks are described in the offering documents provided to investors when the preferred shares originally were issued.

7. "Failed" auctions have been making the news recently. Can you explain?

Failed auctions are a result of liquidity risk. A failed auction means that some portion of the preferred shares that were offered for sale at a particular auction were not matched with buyers — i.e., the auction did not clear. Technically, an auction is deemed to have 'failed' if only one share has not been matched. In the event that an auction does fail, the dividend rate paid on the preferred shares resets to a higher maximum rate described in the initial offering prospectus for the preferred shares. Those preferred shareholders who sought to sell their shares must continue to hold them at least until the next auction.

Beginning in early February, many issuers of auction rate securities, other than closed-end funds, experienced failed auctions due to the continued uncertainty of the auction rate market caused by the current credit crisis. These failures now have spilled over into the closed-end fund auction market.

8. If there are not enough buyers to match sellers and the auction does not clear, what happens next?

In this event, as explained in the response to Question 7, interest rates at auctions that do not clear are reset to a maximum applicable rate (also known as a penalty rate) described in the initial offering prospectus for the relevant fund's preferred shares. The maximum applicable rate is a rate above a reference rate – typically AA commercial paper or 1 month LIBOR or a like equivalent. Existing preferred shareholders must continue to hold their shares, and will receive the maximum applicable rate, until there is a successful auction or the shares are withdrawn.

9. What is the potential impact to an investor in the common shares of a closed-end fund that is leveraged via auction rate preferred shares?

Whenever the cost of borrowing increases significantly and a fund's income stream remains unchanged, the dividend level a closed-end fund is able to pay or maintain may be negatively impacted. Since the immediate impact of a failed auction is that the cost of borrowing increases to a maximum rate, closed-end funds that continuously are involved in failed auctions may experience pressure to lower dividends to common shareholders over time.

10. Are there other sources of financing available for closed-end funds other than the auction rate market?

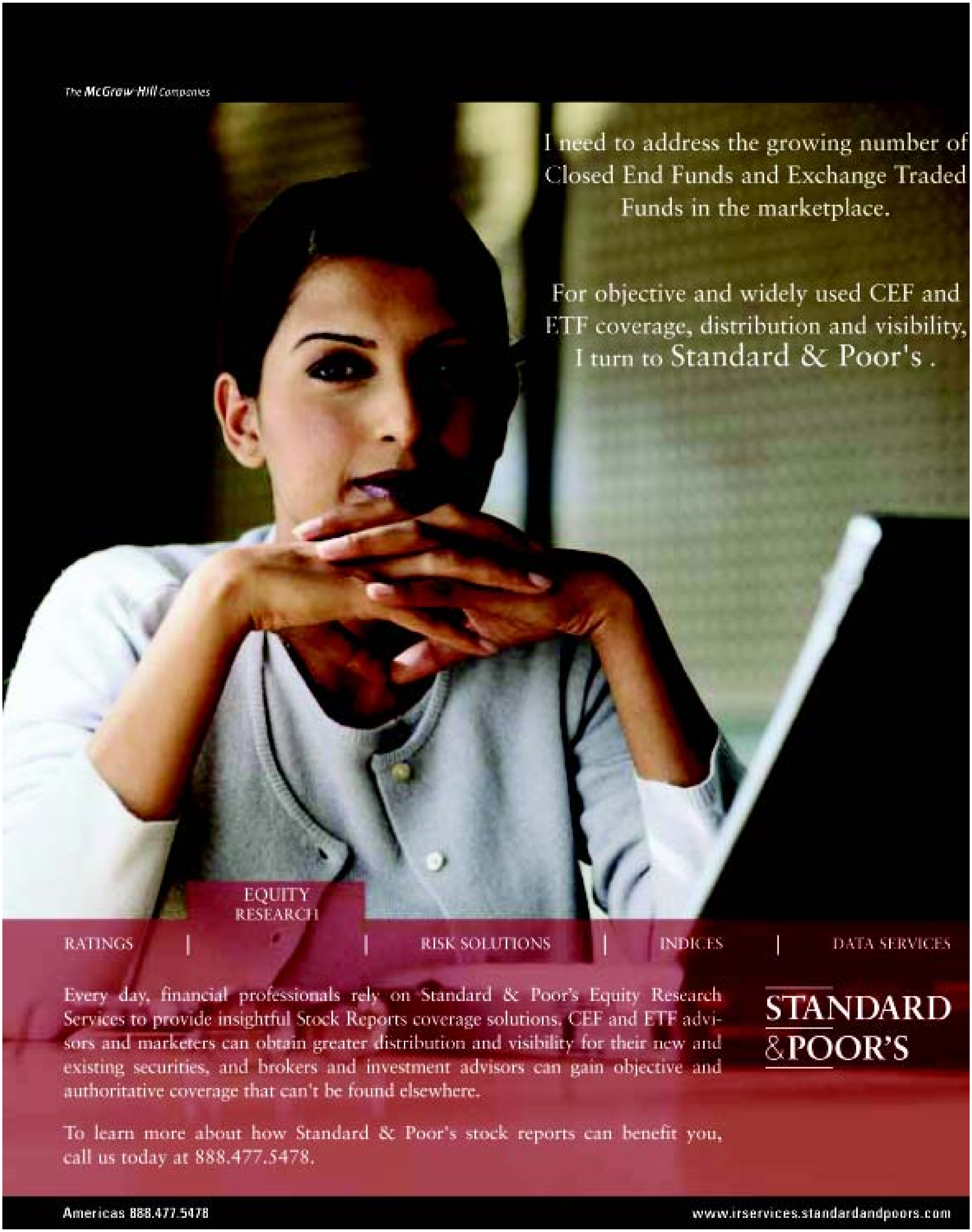
Closed-end funds could shift their leveraging sources from the auction rate market to a credit facility market. However, the credit facility market is less attractive for municipal bond funds than it is for taxable bond funds. This is because municipal bond funds naturally generate a lower nominal yield than taxable fixed-income investments (due to their tax-free status) but would still have to pay taxable market rates for the cost of credit. There may or may not be additional options available to closed-end funds.

Investment return and market price will fluctuate, and shares may trade below net asset value, due to such factors as interest rate changes, and the perceived credit quality of borrowers.

Closed-end funds, unlike open-end funds, are not continuously offered. Once issued, shares of closed-end funds are sold in the open market through a stock exchange and frequently trade at prices lower than their net asset values. Net Asset Value (NAV) is total assets less total liabilities, which includes preferred shares, divided by the number of common shares outstanding.

Member of the UniCredito Italiano Banking Group, Register of Banking Groups
21862-00-0408

PIONEER Investments®


The McGraw-Hill Companies
I need to address the growing number of Closed End Funds and Exchange Traded Funds in the marketplace.
For objective and widely used CEF and ETF coverage, distribution and visibility, I turn to Standard & Poor's .
EQUITY RESEARCH
RATINGS | | RISK SOLUTIONS | INDICES | DATA SERVICES
Every day, financial professionals rely on Standard & Poor's Equity Research Services to provide insightful Stock Reports coverage solutions. CEF and ETF advisors and marketers can obtain greater distribution and visibility for their new and existing securities, and brokers and investment advisors can gain objective and authoritative coverage that can't be found elsewhere.
To learn more about how Standard & Poor's stock reports can benefit you, call us today at 888.477.5478.
STANDARD &POOR'S
Americas 888.477.5478
www.irservices.standardandpoors.com

Closed-End Fund Review

Jeff Margolin, Vice President
Closed-End Fund Analyst

FIRST QUARTER 2008

First Quarter Review

It was another challenging quarter for closed-end fund investors. Indeed, it was a challenging quarter for most equity and debt (with the exception of U.S. Treasuries) investors as well. With over 45% of all closed-end funds classified as equity funds or equity-oriented funds versus only 20% seven years ago, the net asset values (NAVs) and share prices of many closed-end funds are more correlated to the broad equity markets than they ever have been. Therefore, with the Standard & Poor's 500 Index lower by 10% in the first quarter of 2008 and with many European and Asian broad indices also down by over 10%, it is not surprising that many equity-oriented funds had a difficult first quarter. Many equity income funds or tax-advantaged equity income funds were hit particularly hard in the quarter due to having overweight exposure to financial services companies.

According to data compiled by Lipper, 38 of the 39 categories of closed-end funds were lower in the quarter. The three best-performing categories on a share price basis were:

U.S. Government Funds	+3.39%
Global Income Funds	-0.07%
Latin American Equity Funds	-0.07%

The three worst-performing categories on a share price basis were:

Miscellaneous Country/Region Funds	-18.06%
Emerging Market Funds	-13.86%
Pacific Ex-Japan Funds	-11.95%

Other notable categories included:

Growth Funds	-11.40%
Leveraged High Yield Funds	-8.73%
Loan Participation Funds	-8.45%
Leveraged National Municipal Funds	-3.81%

It was also a difficult quarter for debt investors, which negatively impacted the performance of many debt-oriented closed-end funds. Concerns about further write downs at broker dealers, disruptions in the auction rate preferred securities (ARPS) market (see below) and the collapse of Bear Sterns caused debt investors to be extremely risk averse. In fact, U.S. Treasury Bills reached a 50-year low in yield during the quarter as investors sold credit sensitive securities in a "flight to quality." There is a record $3.51 trillion in U.S. money market mutual funds. Even high quality municipal bonds were punished in the first quarter and February was the worst month of performance for individual municipal bonds in over ten years. Municipal bonds were hurt by forced selling by hedge funds and by concerns regarding the financial strength of the municipal bond insurers even though more than half of all municipal bonds carry a rating of AA or higher without the backing of a municipal bond insurer. Needless to say, it was a tough quarter for debt investors and closed-end funds, many of which take on credit risk to attain a high yield and were negatively impacted by the flight to quality we saw in the quarter.

Auction Rate Preferred Securities (ARPS)

Of the 660 closed-end funds in the marketplace, approximately 315 borrow via the auction rate preferred securities market. ARPS are issued by closed-end funds as a form of leverage. They are perpetual securities that re-set their interest rate every 7 or 28 days. Closed-end funds have been issuing ARPS as a form of leverage for 20 years and throughout that time there have been very few failed auctions–until mid-February when we started to see an unprecedented number of them.

Traditionally, the organizer (broker-dealer) of the ARPS process brings together buyers and sellers. When there have not been enough buyers for a specific ARPS, the broker-dealer organizing the process would purchase the excess securities to assure there was enough demand and make it a successful auction. However, in February most auctions for ARPS issued by closed-end funds did not produce enough buyers for the numbers of shareholders who wanted to sell their ARPS and the broker-dealers which had historically stepped in to buy the excess inventory failed to do so, resulting in failed auctions and illiquidity.

It is important to note that a failed auction is not a default but rather the ARPS shareholder is unable to redeem their ARPS and instead earns the "fail rate" or "max rate" which is specified in the prospectus and is usually a designated margin over a specified index. Moreover, the assets backing an ARPS issued by a closed-end fund are collateralized at a rate of at least 200% (as required by the Investment Company Act of 1940). The unprecedented and surprising number of failed auctions has created some uneasiness among ARPS shareholders, many of whom have been unable to redeem their ARPS, as well as the common shareholders of closed-end funds who have been unsure what impact these failed auctions have on their fund.

The "fail rate" or "max rate" that most closed-end funds have had to pay to ARPS shareholders are only slightly higher than if the auctions had been successful, and due to the aggressive easing by the Federal Reserve, borrowing cost for most funds which use ARPS are lower now than they were 3 or 6 months ago. In other words, the large number of failed auctions has not resulted in significantly higher borrowing costs for most funds and therefore, in most cases, funds are still earning a nice spread between what they are paying ARPS shareholders and what they can re-invest at.

While many ARPS shareholders have been frustrated with the lack of liquidity in these securities, over the past several days in early April, many issuers of closed-end funds have announced initial plans to redeem some ARPS and replace them with an alternative form of leverage. The process of replacing ARPS with another source of borrowing (if ultimately that is what a Board of Directors of a fund decides to do) and bringing liquidity back to the market has started. This process is also one that could potentially take several more months as the Board of Directors of each fund has to carefully consider how their actions impact both common and preferred shareholders.

Lastly, some broker-dealers have recently announced that as a result of the illiquidity in the ARPS market, they will begin to value ARPS below par on their client statements. It is important to be cognizant of the fact that the markdown of the price of ARPS does not impact the common shares of a closed-end fund. Furthermore, these markdowns do not impact the net assets of a closed-end fund or impact how the NAV of a fund is calculated.

Outlook for rest of 2008

At the beginning of the year, I detailed an optimistic outlook for the first quarter and for 2008 as it relates to the performance of closed-end funds. While the first quarter did not meet my expectations, many of the positive conditions I discussed earlier in the year are still very much present now, which is why I continue to believe the rest of 2008 will see better performance for many closed-end funds relative to the past 6 months or so. Furthermore, I believe that during these periods of enhanced volatility, investors should ride out the volatility, continue to earn the very high income many funds distribute, and dollar cost average, if possible, to take advantage of lower prices.

Some of the positive factors which could improve performance for many closed-end funds this year include lower borrowing costs due to aggressive easing by the Federal Reserve; a dramatic slowdown in the CEF IPO market which places more emphasis on the opportunities that exist in the secondary market; and wide discounts which could attract more buyers to closed-end funds who want to take advantage of these historically attractive valuations. Perhaps the wild card in all of this is the performance of the equity markets. As I stated in the first paragraph, many closed-end funds such as covered call funds, convertible funds, dividend capture funds and equity funds generally trade in sympathy with the broad equity markets. Therefore, if equity markets stabilize or have a sustained rally this year, it would go a long way to help the overall performance of many closed-end funds. As always, due to the fact that closed-end funds can exhibit periods of high volatility, investors are encouraged to maintain a long-term time horizon and exposure to different types of funds.

Fundamental Data is the leading provider of data on global Closed-end Funds and Exchange-traded Funds. We specialise solely in the provision of information, providing facts, not opinion.

Fundamental Data is a fully independent company, providing data to a wide audience of broker analysts, fund issuers, wealth managers and other CEF and ETF users. The specialist nature of the team combined with many years of experience in the sector provides the strongest foundation to assist the investment industry through the provision of detailed data and analytics.

The global universe of funds currently provided by Fundamental Data exceeds 3,000, on which the Company collects and stores over 3,000 data items for every fund. This data includes all Price, NAV and Distribution histories, together with performance data, yields, risk statistics, earnings details and comprehensive analytics on the entire universe of funds.

The US CEF universe is organised into peer groups and allows detailed comparisons to be made across any range of funds. We now cover over 650 US CEFs and approximately 700 US ETFs.

Fundamental Data's flagship product is "FundWeb", an online subscription service allowing clients access to our comprehensive database. The database is the most extensive resource available for data on CEFs and ETFs.

The Company also provides bespoke data feeds, website feeds and report outsourcing services including production of Fund Issuers' fact sheets.

Fundamental Data also calculate indexes for each FundData sector classification covering Price and NAV Total Return performance, Discount and Yields (Income-only / Income & Capital Gains / Income & Capital Gains & Return of Capital). Composite indexes are also calculated on larger groups, for example All Municipal CEFs, All Taxable CEFs, and All CEFs – please see sample data charts below:

FundData All Closed-end Funds Discount
(12/31/96 to 04/07/08)

FundData All Closed-end Funds Price Total Return (Red) and NAV Total Return (Blue) - (12/31/96 to 04/07/08)

Please contact Sales@FundData.com or visit www.FundData.com for further information about our services.

BLACKROCK

A Look at Leverage

Understanding Leverage

As part of their overall strategy, some closed-end funds that focus principally on fixed income securities may employ leverage in order to enhance shareholder returns. Although it entails risks, leverage can provide benefits and is often misunderstood by investors. Before investing in a fund employing a leverage strategy, BlackRock® believes investors should understand how this strategy works, its effect on performance and the risks involved.

How Leverage Works

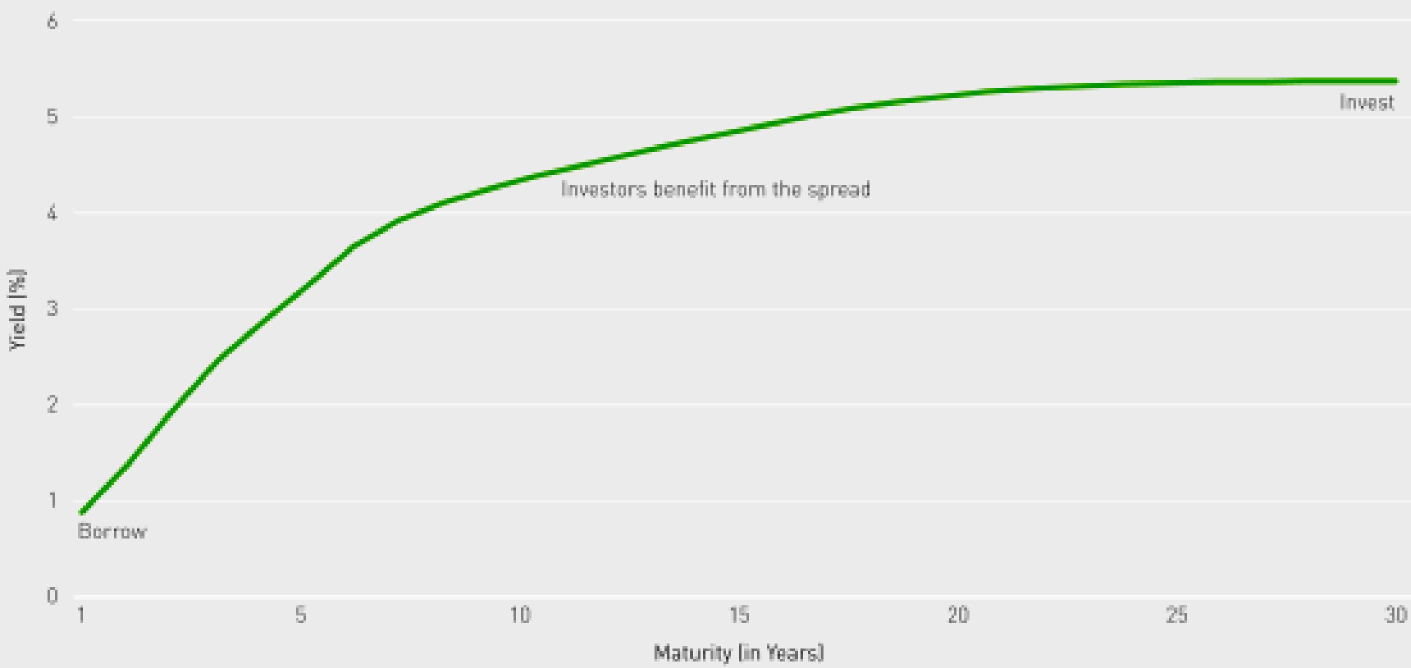
For closed-end funds, leverage essentially involves profiting from the normal spread between short-term and long-term interest rates by borrowing money or issuing preferred stock at short-term interest rates and investing the proceeds in longer-term securities that typically pay higher rates of return. This often can result in a fund's ability to pay higher rates of distribution income, while assuming greater risk and volatility. As long as a fund's total return net of expenses is greater than the dividend rate the fund is paying, the fund has the potential to provide additional income or generate greater total return.

The Leverage Strategy

- Gives investors the opportunity to enhance total return
- Provides the potential to benefit from the spread between long- and short-term interest rates
- Increases the likelihood of share price volatility and market risk

How Leverage Can Enhance Yield

The Spread Between Short- and Long-Term Securities May Generate Excess Yield



For illustrative purposes only.

As a means of enhancing returns, fixed income closed-end funds may issue senior securities or borrow money to "leverage" their investment position. There is no assurance that a fund's leveraging strategy will be successful. Once a portfolio is leveraged, the net asset value and market value of the common shares will be more volatile. While a common investment practice by many closed-end fund managers, leverage cannot assure a higher yield or return to the holders of the common shares.

Risks of Leverage

Funds that utilize leverage tend to exhibit greater volatility in yield, market price and net asset value (NAV) than non-leveraged funds. Due to their sensitivity to changes in interest rates, leveraged funds may experience larger drops in NAV compared to similar non-levered fixed income closed-end funds. In addition, any narrowing of spreads between short- and long-term rates may diminish potential profit margins for the fund and potentially lower the dividend paid by the fund.

Leverage and Interest Rate Risk

Interest rate spreads are an important factor to assess when considering leveraged funds. Generally, the wider the spread between the borrowing rate and the investing rate, the greater the potential benefits from utilizing leverage. Conversely, as the yield curve flattens and the spread narrows, any benefits generated from a leverage strategy are reduced.

Predicting how these spreads will move is difficult. To mitigate interest rate risk in closed-end funds, portfolio managers may seek to limit the effect that duration has on their portfolios. Often, the longer a fixed income security's maturity, the longer its duration, and therefore the more sensitive it is to interest rate changes. A portfolio's duration or 'interest rate risk' can increase with the use of leverage, since the leverage strategy typically invests proceeds in longer-term securities.

Increased Volatility

The NAV of a closed-end fund will fluctuate, reflecting changes in the marketplace. This NAV volatility will be more pronounced with a leveraged closed-end fund than with an unlevered fund holding a similar portfolio. For example, a rise in long-term interest rates will result in a decline in the price of a levered fund's investments leading to a lower NAV. The rising interest rate also increases the borrowing costs of leverage, adversely affecting the fund's performance.

Dividend Payment Adjustments

The cost of leverage typically relates to short-term interest rates. As short-term rates rise, the cost of borrowing and the rate paid on preferred stocks both increase, causing the spread between short- and long-term invested assets to narrow or become negative. When this occurs, a leveraged fund may need to reduce its dividend to make up for this shortfall in net earnings.

Long-Term Perspective

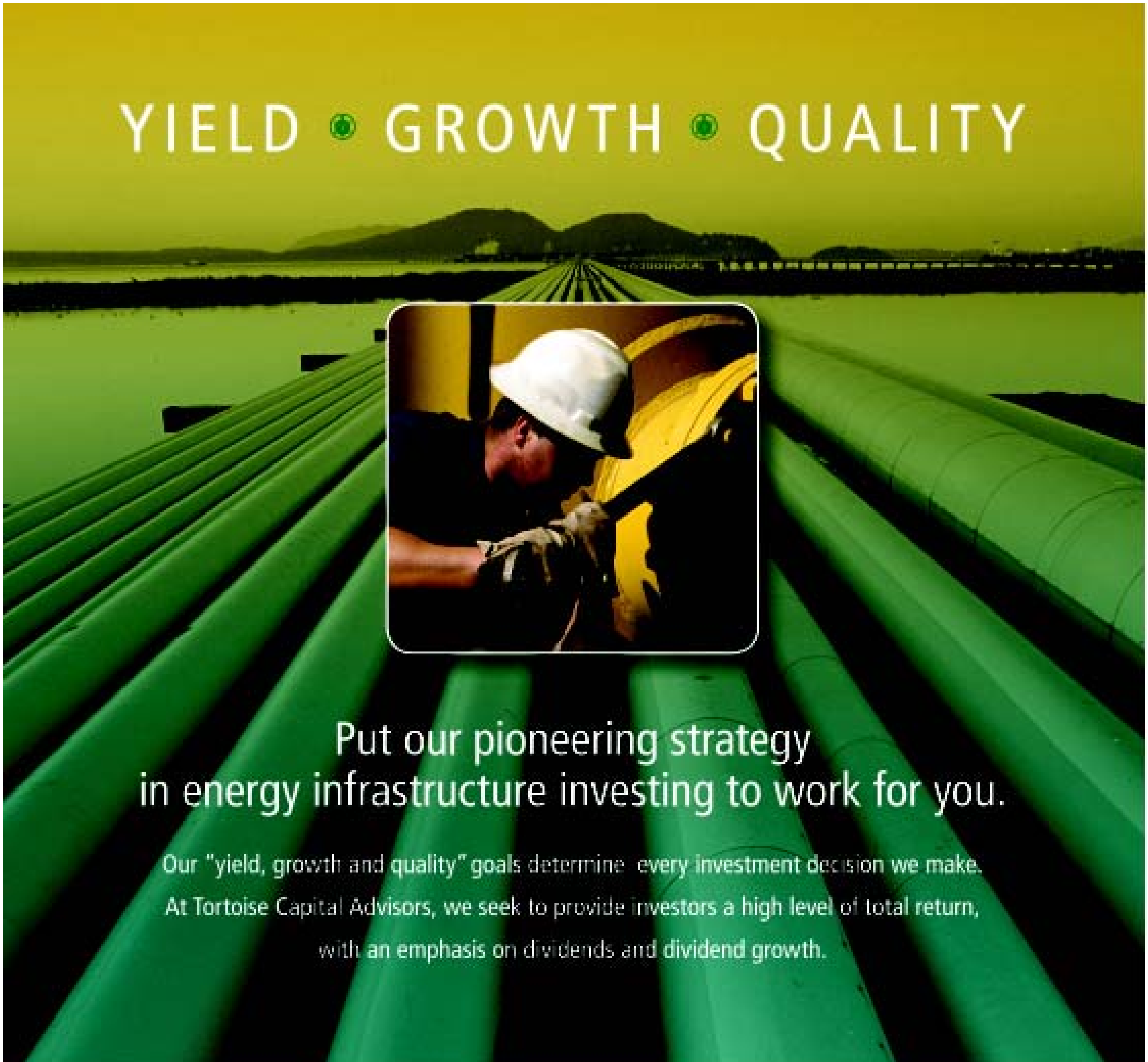
Over the long term, the use of leverage may benefit the investor, providing the potential for enhanced total return. However, in order to reap the potential benefits of leverage, it is essential that investors maintain a long-term investment horizon and assess the risks involved with this strategy. Investors are urged to talk to their financial professionals about how leveraged closed-end funds may play a role in their investment portfolios.

Leverage cannot assure a higher yield or return to the holders of a closed-end fund's common shares. Leverage can be a source of increased volatility and greater risk. A closed-end fund's dividend yield, market price and NAV will fluctuate with market conditions. Closed-end funds frequently trade at a discount to NAV but may trade at a premium. Shares of closed-end funds may only be purchased or sold through registered broker/dealers.

This guide is not to be construed as a solicitation or an offer to buy or sell securities. This material should not be considered tax, investment, legal or other professional advice. The information herein is not necessarily all-inclusive and is not guaranteed as to accuracy or completeness. Reliance upon information in this guide is at the sole discretion of the reader.

FOR MORE INFORMATION
www.blackrock.com

Prepared by BlackRock Investments, Inc., member FINRA.


YIELD • GROWTH • QUALITY
Put our pioneering strategy
in energy infrastructure investing to work for you.
Our "yield, growth and quality" goals determine every investment decision we make.
At Tortoise Capital Advisors, we seek to provide investors a high level of total return,
with an emphasis on dividends and dividend growth.

The New Ireland Fund, Inc.

Access for US Investors to the Irish Economic Growth Story

Strong domestic and international economic activity has provided a powerful backdrop for Irish corporate profitability in recent years. The Irish equity market has benefited from the proven ability of many Irish corporates to capitalize on strong domestic demand and pursue successful international growth strategies through both organic and acquisitive means. These powerful dynamics have been reflected in the performance of the Irish equity market over the last 10 years through Q1 2008 – cumulative total USD returns have been 159% compared to 65% and 93% over the same period for the S&P 500 and MSCI World Indices respectively. Despite this outperformance, concerns around some sectors of the domestic economy allied to a more challenging international outlook have conspired to leave Irish equity market valuations at multi-year lows. The benchmark ISEQ index trades on 9.1x 2008 forecasts compared to a long run average of 14-15x. Consensus earnings growth forecasts for 2008 and 2009 are 9.1% and 8.5% respectively. Minor downward revisions in earnings are likely if economic growth worldwide continues to slow, however the rate of profit collapse discounted by the current market multiple seems unrealistic.

The Irish economic success story continued in 2007 with GDP growth of 5.3% registered. Forecasts are for 3.0% GDP growth in 2008 and while snapping the trend of average annual GDP growth of 5% since 2001, this still represents a very healthy environment for Irish corporate profitability.

The Central Bank of Ireland (CBOI) estimates the economy's long-term growth rate potential at 4-5%. The three key drivers of the Irish economic story remain firmly in place; demographics, strong government finances and low taxation coupled with business-friendly employment legislation.

Demographic trends will continue to underpin robust domestic demand – NCB Stockbrokers estimate that population growth will reach 5.3m by 2020 (from 4.1m in 2006) with the key economically active age group of 15-64 years accounting for 70% of the population at that point. This secular demographic shift and net immigration will continue to drive both household formation and strong income levels. Government finances remain in good health with a projected government surplus of 2.5% of GDP in 2008 supporting extensive capital spending on services and infrastructure under the National Development Plan. Low corporation tax rates (12.5%) and Ireland's geographic positioning at the gateway to the Euro area continue to attract foreign investment flows, driving up labour force productivity and keeping the economy in its full employment range of 4-5.5% unemployment.

The New Ireland Fund Inc.'s investment objective is long-term capital appreciation through investment primarily in equity securities of Irish companies. In seeking to achieve its investment objective, the Fund invests with a bias toward high growth Irish companies primarily in the technology, telecommunications and healthcare sectors. The receipt of dividend and interest income will be incidental to the pursuit of the Fund's objective of long-term capital appreciation. Under normal circumstances, at least 80% of the Fund's total assets is required to be invested in equity and fixed income securities of Irish companies. The Fund has a strong performance history with strong outperfromance registered against both the ISEQ and S&P500 index over a rolling 3, 5 and 10 year investment period.

For further information please contact the Fund at 1800-GO-TO-IRL (1800-468-6475) or visit our website at www.newirelandfund.com. Ticker symbol IRL

Sources
CBOI Quarterly Bulletin 1 2008, NCB 2020 Vision January 2007
Davy Monthly Market Monitor January 2008

Bank of Ireland Asset Management (U.S.) Limited is registered as an investment adviser with the U.S. Securities and Exchange Commission and is also registered with various provinces in Canada, and is regulated by the Financial Regulator in Ireland. Bank of Ireland Asset Management (U.S.) Limited is incorporated and registered in Ireland at 40 Mespil Road, Dublin 4. Registered number 117416.

An investment in the Fund's shares represents an indirect investment in the securities owned by the Fund. The value of these securities, like other market investments, may move up or down, sometimes unpredictably. At any point in time, Fund shares may be worth less than a shareholder's original investment, even after taking into account the reinvestment of Fund dividends and/or distributions. An investment in the Fund is subject to investment risk, including the possible loss of the entire principal amount invested in the Fund. The Fund is a non-diversified, closed-end investment company under the Investment Company Act of 1940 and focuses its investments in a single country, thereby increasing its vulnerability to developments in that country. Investing in foreign securities presents certain risks not associated with domestic investments, such as currency fluctuation and political and economic changes and market risks. This may result in greater share volatility.

Fund shares are not FDIC-insured and are not deposits or other obligations of, or guaranteed by, any bank.

It should not be assumed that the future performance of any company identified in this document will equal its prior performance or that any future recommendation regarding the securities of any such company will be profitable. Past performance is not necessarily a guide to future performance. The value of investments can fall as well as rise. This document has been prepared and issued by Bank of Ireland Asset Management (U.S.) Limited on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst all reasonable care has been taken in the preparation of this document, we do not guarantee the accuracy or completeness of the information contained herein.

CALAMOS®

Investment strategies for your serious money™

Calamos Closed-End Funds

A Dynamic Allocation Approach that Offers Attractive Income and Total Return Potential

Calamos Investments is a diversified global investment manager focused on creating wealth for investors by managing risk and return through market cycles. We follow a proprietary, time-tested investment process that seeks to maximize returns while controlling risk and preserving capital in down markets. Calamos offers five closed-end funds that employ enhanced-fixed-income and defensive-equity strategies. We encourage you to speak with your financial advisor about how our capabilities can help you meet your long-term asset allocation goals.

Advantages of Closed-End Fund Investing

A closed-end fund (CEF) is a publicly traded company that raises its initial investment capital through the issuance of a fixed number of shares to investors in a public offering. Closed-end funds offer investors several distinct advantages:

- A defined asset pool (with no new shares issued continually) allows efficient portfolio management.
- CEFs (like a stock) can be traded throughout the day, allowing flexibility in the timing and price of trades.
- CEFs often have a lower expense ratio, which can enhance investment performance over time.
- A CEF structure makes sense for less-liquid asset classes.
- CEFs may leverage their investment positions in an effort to enhance yield and offer higher levels of current income.
- A low minimum investment enables smaller investors to purchase a diverse basket of securities through a CEF.

Total-Return Potential Makes Closed-End Funds Increasingly Attractive

Historically, closed-end funds have been viewed primarily as income vehicles. But total return funds—many of which offer a combination of current income and capital appreciation—are gaining ground as investors recognize that closed-end funds can serve both sides of an investment portfolio, providing both income (from distributions) and growth (from price appreciation).

Why Consider Calamos Closed-End Funds?

Calamos Investments was among the first asset managers to combine separate asset classes in a single closed-end vehicle designed to potentially enhance total return and limit risk.

Calamos is a recognized pioneer in using convertible securities to manage risk and pursue wealth. We believe convertible securities are particularly compelling when blended with other asset classes, which is why we use convertibles in combination with other asset classes in each of our closed-end fund portfolios. In our enhanced-income portfolios, we employ convertibles as a more aggressive fixed-income alternative. In our defensive-equity portfolios, convertibles offer a means to capture the upside potential of equities while providing the potential for a higher degree of downside protection.

With the flexibility to invest in equities, convertible securities and higher-yielding bonds, Calamos' portfolio managers seek the best returns in any market environment. This dynamic asset allocation also enables the investment team to better manage risk.

For more information on Calamos closed-end funds, talk to your financial advisor, visit our website at **www.calamos.com** or call us at **800.582.6959.**

Not FDIC Insured	May Lose Value
No Bank Guarantee	

Convertible Security Benefits

A convertible security is a bond or preferred stock that can be "converted" into the common stock of the issuing company. Convertible securities combine the benefits of both stocks and bonds. For example, convertible securities typically offer upside appreciation in rising equity markets (like stocks) but can also provide potential downside protection during declining equity markets (like bonds).

Portfolio Construction that Focuses on Long-Term, Quality Investments

At Calamos, we recognize that yield is part of the equation, but what makes sense for investors in the long run is what matters most. With this in mind, we apply a disciplined, active investment process to each of our closed-end funds in an effort to construct risk-managed portfolios that perform well over time.

Macro Analysis

We analyze the big picture—identifying key areas and catalysts that we believe will drive the economy and generate opportunities.

Asset class

We carefully assess whether asset categories—equities, convertibles or corporate bonds—stand to outperform or underperform and adjust the portfolio's asset class weightings accordingly.

Sector

We position our portfolios similarly across sectors based on our belief that sector effects will outweigh country effects over time. We look for industry groups with secular (enduring) growth opportunities.

Regional

With regard to our global/international portfolios, we look for characteristics we believe are crucial to a country's success and ultimately the companies in that country:

- Stable currency
- Attractive regulatory environment
- Low taxation
- Free trade
- Private property rights
- Fair rule of law

Thematic

We identify broad themes that we believe will drive opportunity in the future. The ideal scenario is to identify a secular theme that will contribute to innovation, productivity and economic progress before it becomes obvious to most market participants. Themes include everything from opportunities to serve aging baby boomers to corporate spending on productivity enhancements.

▶ **We flexibly adjust portfolio positioning based on our top-down analysis.**

Enterprise Valuation

We conduct intensive company and security research.

Business value

To determine an enterprise's value, we analyze a business as if we are buying the entire company. We conduct an exhaustive analysis to assess a company's financial soundness:

- Relying on a cash-based analysis to remove accounting distortions
- Measuring free cash flow
- Determining return on capital and balance sheet quality to gauge financial strength

Security value

Once we assign a value to the business, we seek to determine the value of each security issued by the company, whether equity, convertible or corporate bond. We focus on each type of security's upside and downside potential based on a range of potential outcomes.

Investment opportunities

By understanding all aspects of a company's capital structure, we can identify opportunities across asset classes as well as investment styles.

Security's role in portfolio

We consider the securities impact on the portfolio's industry and sector weightings in order to ensure that proper balance and diversification is maintained.

▶ **Our enterprise value approach works across all our investment strategies whether conservative or aggressive.**

Risk Management

Through active risk management, we seek to guard against unforeseen events and the potential risks of an unpredictable market.

Qualitative factors

We evaluate a company's:

- Economic environment
- Competitive positioning
- Access to capital
- Product lineup
- Business strategy
- Management

Quantitative factors

Using quantitative tools, we aim to determine whether a company's relative growth is likely to accelerate or decelerate.

Liquidity

We attempt to take into account factors such as:

- Days needed to exit a position
- Event risk
- Company ownership
- Company's near-term capital requirements

Sell discipline

We adhere to a strict sell discipline. Catalysts for selling a security include:

- A deceleration in relative return on capital and revenue or earnings growth
- A price well above a sustainable growth level
- A better opportunity
- Deterioration in the company's balance sheet, management or financial flexibility

▶ **Our risk-management policy helps maintain a consistent risk profile during all phases of the market cycle.**

Dynamic Asset Allocation in Five Distinct Closed-End Funds

Calamos Closed-End Funds dynamically invest across a variety of asset classes with an eye toward striking the optimal balance between risk and reward throughout the full market cycle. This risk-managed approach has the potential to deliver an attractive long-term total return through a combination of capital appreciation and current monthly income. We offer several distinct strategies including enhanced fixed income, global enhanced fixed income, defensive equity and global defensive equity.

Fund	Details	Objective	Asset Allocation Role	Primary Asset Classes
Calamos Convertible Opportunities and Income Fund	**NYSE Ticker** CHI **NAV Ticker** XCHIX **IPO Date** 6/26/02 **IPO Price** $15.00 **IPO NAV** $14.32	Seeks total return through capital appreciation and current income by investing in a diversified portfolio of convertible securities and high-yield corporate bonds.	**Enhanced fixed income** May be suitable for investors who seek an alternative or complement to investment-grade, fixed-income instruments.	• High-Yield Corporate Bonds • Convertible Securities • Common Stocks
Calamos Convertible and High Income Fund	**NYSE Ticker** CHY **NAV Ticker** XCHYX **IPO Date** 5/28/03 **IPO Price** $15.00 **IPO NAV** $14.32	Seeks total return through capital appreciation and current income by investing in a diversified portfolio of convertible securities and high-yield corporate bonds.	**Enhanced fixed income** May be suitable for investors who seek an alternative or complement to investment-grade fixed-income instruments	• High-Yield Corporate Bonds • Convertible Securities • Common Stocks
Calamos Global Dynamic Income Fund	**NYSE Ticker** CHW **NAV Ticker** XCHWX **IPO Date** 6/27/07 **IPO Price** $15.00 **IPO NAV** $14.32	Seeks to provide a high level of current income with a secondary objective of capital appreciation. The Fund has maximum flexibility to dynamically allocate among equities, fixed-income securities and alternative investments around the world.	**Global enhanced fixed income** May be suitable for investors who seek high current/monthly income, capital appreciation, access to global markets, greater portfolio diversification and a fixed-income investment alternative.	• U.S. Common Stocks • International Common Stocks • Preferred Stocks • Convertible Securities • High-Yield Bonds • Fixed-Income Instruments: Libor Plus Strategies • Investment-Grade Credit With Active Management Overlay • Convertible Instruments: Equity-Linked Notes (RevCons, PERCS, DECS)
Calamos Strategic Total Return Fund	**NYSE Ticker** CSQ **NAV Ticker** XCSQX **IPO Date** 3/26/04 **IPO Price** $15.00 **IPO NAV** $14.32	Seeks total return through a combination of capital appreciation and current income by investing in a diversified portfolio of equities, convertible securities and high-yield corporate bonds.	**Defensive equity** May be suitable for investors who seek to participate in long-term upward trends of the equity markets but with the added benefit—and potential downside protection—of a stable monthly distribution.	• Common Stocks • High-Yield Corporate Bonds • Convertible Securities
Calamos Global Total Return Fund	**NYSE Ticker** CGO **NAV Ticker** XCGOX **IPO Date** 10/27/05 **IPO Price** $15.00 **IPO NAV** $14.32	Seeks total return through a combination of capital appreciation and current income by investing in a globally diversified portfolio of equities, convertible securities and high-yield corporate bonds.	**Global defensive equity** May be suitable for investors who seek to participate in long-term upward trends of the global equity markets but with the added benefit—and potential downside protection—of a stable monthly distribution.	• Global Common Stocks • Global High-Yield Corporate Bonds • Global Convertible Securities

A Word About Risk - Global Total Return Fund and Global Dynamic Income Fund may invest up to 100% of their assets in foreign securities and invest in an array of security types and marketcap sizes, each of which has a unique risk profile. As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities. These include fluctuations in currency exchange rates, increased price volatility, and difficulty obtaining information.

Investments by the Funds in lowerrated securities involve substantial risk of loss and present greater risks than investments in higher-rated securities, including less liquidity and increased price sensitivity to changing interest rates and to a deteriorating economic environment.

There are certain risks associated with an investment in a convertible bond such as default risk — that the company issuing a convertible security may be unable to repay principal and interest — and nterest rate risk — that the convertible may decrease in value if interest rates increase.

Fixed-income securities are subject to interest rate risk; as interest rates go up, the value of the debt securities in the Funds' portfolio generally will decline.

Global Total Return Fund and Global Dynamic Income Fund may invest in derivative securities. The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. There is no assurance that any derivative strategy used by the Funds will succeed. One of the risks associated with purchasing an option is that the Funds pay a premium whether or not an option is exercised.

Shares of closed-end funds frequently trade at a market price that is below their net asset value.

Leverage creates risks which may adversely affect return, including the likelihood of greater volatility of net asset value and market price of common shares; and fluctuations in dividend rates on any preferred shares.

Over $146 Billion in Net Cash Inflows and 271 New ETFs Listed in the US in 2007

The US ETF market continues to expand in term of listings and assets. As of December 31, 2007, the market consisted of 645 ETFs with total assets of almost $620 billion and average daily trading volume close to $80 billion. During 2007, 271 ETFs were launched and net cash flows were $146 billion. The number of newly listed ETFs continues to accelerate, and issuance last year exceeded the levels seen over the prior four years combined. Furthermore, 65% of US listed ETFs have now been issued over the past 2 years.

The evolution of the ETF industry is as impressive as its continued growth. From inception in 1993, ETFs were designed for investors to achieve returns comparable to established equity indices and to provide liquidity for active traders. Older ETFs were generally based on broad market cap-weighted indices and had low costs, low turnover, and high tax efficiency. Newer ETFs include those based on indices with new approaches to weightings, indices using rules-based models for stock selection, and thematic indices. ETFs also now give exposure to leveraged and inverse returns, commodities, and foreign currencies. Many newer ETFs have higher relative fees and turnover and potential tax complications.

The range of new ETFs is changing the complexity of the industry. ETFs now track new or less well-known benchmarks. This has heightened the importance of industry insight and analysis to help differentiate among products. We believe investors should carefully consider the investment objectives, design and structure of ETFs as their performance might deviate meaningfully from established benchmarks. For example, some newer fundamental or rules based indices may have a tilt towards small- or large-cap or growth or value stocks that have shown historical outperformance when these market segments outperformed. However, this can turn into underperformance when these market segments lag.

Two providers still account for the vast majority of industry assets. As of January 30, 2008, Barclays Global Investors (BGI) had $303 billion in ETF assets, for a 52.9% market share, followed by State Street Global Advisors (SSgA) which had $138 billion in assets or a 24.2% market share (Exhibit 1). The other 17 providers each had a 7.2% share or less and, combined, they had $130 billion in total assets.

A number of sponsors had significant market share gains in 2007. Three of the top four firms saw increases in market share. Both SSgA and Vanguard had strong inflow and PowerShares moved to fourth place primarily through taking over sponsorship of the NASDAQ-100 Tracking Stock (QQQQ). Some newer and mid-size ETF sponsors had significant cash flows and meaningful increases in market share. These include ProShares, DB Commodity Services, Van Eck and Associates and WisdomTree.

US-listed ETFs based on international markets continue to generate the most new assets. ETFs targeting international stocks generated over $42 billion of net new assets in 2007 (Exhibit 2). Other ETF asset classes showing rapid growth include fixed income and leveraged/inverse. In 2007, the number of ETFs providing exposure to fixed income increased from 7 to 52 and net cash inflows for the segment were $13.3 billion. On a year-over-year basis no segment of the market grew faster than Leveraged and Inverse (L&I) ETFs which were introduced in 2006. There are now 64 L&I ETFs and they had combined net cash inflows of $8 billion, which is equivalent to roughly 70% of their current assets. The issuance growth of each market segment is shown in Exhibit 3.

Individual ETFs tracking US large-cap and diversified international stocks had the strongest net cash inflows last year. The two largest ETFs, SPDR S&P 500 (SPY) and iShares MSCE EAFE ETF (EFA), had the strongest cash flows at $30.8 billion and $11.8 billion, respectively. With $8.4 billion in net inflows last year, and the rapid relative appreciation in emerging market stocks, the iShares MSCI Emerging Markets ETF (EEM) is now the third largest ETF. The streetTRACKS Gold Trust (GLD) continues to lead net inflows into commodity ETFs with $3.5 billion last year and it is now the fourth largest ETF with over $18.7 billion in assets. Big inflows into S&P sectors included Financials and Energy, which both doubled in size with $3.8 and $2.7 billion in net inflows respectively.

There were also notable cash outflows last year. Japanese equity markets have been major laggards and ETFs tracking the country had net outflows of roughly $2.9 billion in 2007. While broad market small-cap ETFs had net outflows of $1.5 billion, the value and growth segments of the small-cap market had net inflows of $1.2 billion resulting in net outflows of $300 in the small-cap arena. Some industries, including oil services, utilities, and pharmaceuticals, also had meaningful outflows.

The ten largest ETFs currently account for over 44% market share and the top 20 account for almost 60% (Exhibit 5). While these numbers have declined as the number of ETFs has increased, it still reflects the concentration of industry assets. There are currently over 120 ETFs that have less than $10 million in assets and, combined, they account for less than 0.1% of industry assets.

Daily ETF dollar volume is near $80 billion, but remains concentrated. Exhibit 6 shows the top 20 ETFs by average daily dollar volume. Three ETFs account for 60% of the industry's daily dollar volume and the ten most active ETFs account for almost 80%. However, these numbers are down significantly from 1999–2003 when three ETFs tracking the S&P 500, Dow Jones Industrial Average and the NASDAQ-100 together averaged up to 90% of total volume.

Some ETFs have notable short interest. Short interest has surged since year-end 2006 from roughly $59 billion to over $100 billion as of January 29, 2008. Exhibit 7 contains a list of 20 ETFs with the highest short interest as a percent of market cap. Currently, there are eleven ETFs with short interest greater than 100%, indicating more shares are held short than are outstanding, due to multiple borrowings. However, the majority of ETFs (475) have short interest of less than 5% and the average short interest among US-listed ETFs of 12% is in line with levels from a year ago.

Several ETFs experience a high level of share turnover versus assets. Exhibit 8 includes a list of the 20 ETFs with the most frequent turnover (measured in days as a ratio of market cap relative to daily dollar volume). The average ETF sees its assets turn over approximately every 66 days, but 29 ETFs experience much more rapid turnover at less than 5 days, and one sees 100% of its shares turn over more than once a day. Leveraged and Inverse ETFs, which have daily return targets, now account for three of the four ETFs with the most rapid turnover. In our view, many of these ETFs are used by aggressive investors to gain exposure or hedge positions over very short time horizons.

Developments by Issuer (in order of total assets)

Barclays Global Investors (BGI) is the largest provider of US listed ETFs. BGI currently has 154 US-listed ETFs with $306 billion in assets, which equates to a 53% market share. Their net cash inflows last year were $58 billion or 40% of total net industry flows. BGI issued 34 new ETFs in the US in 2007, the top 10 most successful of which all targeted fixed-income markets including short-term Treasuries, mortgages, municipals and high-yield bonds as well as preferreds.

State Street Global Advisors (SSgA) is the second largest ETF provider. SSgA currently has 54 US-listed ETFs with $13 billion in assets, which equates to a 24.2% share. Their net cash inflows in 2007 were $47 billion or 32% of total net industry flows. SSgA issued 22 new ETFs last year, the four most successful of which all targeted international securities including small-cap stocks, developed market fixed-income, global ex-US equities and a BRIC (Brazil, Russia, India, and China) ETF.

Vanguard is the third largest US listed ETF provider. Vanguard currently has 37 US-listed ETFs with $41 billion in assets, which equates to a 7.2% share. Their net cash inflows last year were $18 billion or 12% of total net industry flows. Vanguard issued 10 new ETFs in the US last year, and was the only provider to have two new ETFs generate over $1 billion in net cash inflows (VEU, which tracks the MSCI All-World ex-US equities and BND, which tracks US investment grade bonds.

PowerShares Capital Management is the fourth largest ETF provider. PowerShares has 101 US-listed ETFs with $31 billion in assets, which equates to a 5.4% share. Their net cash inflows in 2007 were $5 billion or 3% of total net industry flows. PowerShares issued 27 new ETFs in the US last year, most of which are fundamentally weighted or thematic in nature. Their two most successful offerings in 2007 were based on global water equities and the first ETF based on technical analysis.

World Gold Trust Services (WGS) is the fifth largest ETF provider. WGS has one ETF, the streetTRACKS Gold ETF (GLD) that has almost $18.7 billion in assets and is the fourth largest US-listed ETF. GLD had net cash inflows of approximately $3.5 billion last year, which was more than all other commodity ETFs combined.

ProShares is the sixth largest ETF provider. ProShares currently has 58 US-listed ETFs with $11.5 billion in assets, which equates to a 2.0% share. Their net cash inflows last year were $8 billion or 5% of total net industry flows. All of ProShares ETFs, including the 46 issued in 2007, target daily returns equivalent to either 200%, minus 100%, or minus 200% of a stated benchmark. ProShares ETFs are some of the most aggressively traded in the market and are primarily used for short-term tactical trading or hedging strategies, in our opinion.

Merrill Lynch is the seventh largest ETF provider. Their 17 HOLDRs have assets of $6.4 billion. Several HOLDRs continue to represent the largest or most liquid ETF-type product to access a given industry. However, more efficient ETF structures have been created since HOLDRs were created and no new ones have been issued since 2001. HOLDRs had net outflows of almost $4 billion last year.

Rydex Investments is the eighth largest ETF provider. Rydex has 31 US-listed ETFs with $5.3 billion in assets, which equates to a 0.9% share. Their net cash inflows last year were $1.6 billion. Over 97% of Rydex's 2007 net inflows occurred in four CurrencyShares, which track the performance of a foreign currency in terms of US Dollars such that an appreciation of the target currency leads to an increase in the ETF's market price. The CurrencyShares Japanese Yen (FXY) was their most successful new product last year and it had net cash inflows in excess of $1 billion.

DB Commodity Services (DBCS) is the ninth largest ETF provider. DBCS has 11 US-listed ETFs with $4.6 billion in assets, which equates to a 0.8% share. Their net cash inflows last year were $2.3 billion or 2% of total net industry flows. DBCS issued nine new ETFs in the US in 2007, the most successful of which has been PowerShares DB Agriculture Fund, which now has almost $1.9 billion in assets.

Van Eck Associates is the tenth largest ETF provider. Van Eck has eight US-listed ETFs with $4.5 billion in assets, which equates to a 0.8% share, up from 0.1% a year ago. Of the five new ETFs Van Eck listed last year, two (Agribusiness and Russia) have already generated over $750 million in total assets. Van Eck had $2.7 billion in total net in flows last year, which was equivalent to 2% of total net industry inflows.

WisdomTree Asset Management is the eleventh largest ETF provider. WisdomTree has 39 US-listed ETFs with $4.2 billion in assets, which equates to a 0.7% share. Their net cash inflows last year were $3 billion or 2% of total net industry flows. WisdomTree issued nine new ETFs in 2007, two of which generated over $100 in net cash flows (international real estate and high yield emerging market equities).

Claymore Advisors is the 12th largest provider. Claymore currently has 36 US-listed ETFs with $1.8 billion in assets, which equates to a 0.3% share. Their net cash inflows last year were $1.2 billion or 1% of total net industry flows. Claymore issued 27 new ETFs in the US last year, the most successful of which tracks global water companies and now has total assets of roughly $350 million.

Victoria Bay Asset Management (VBAM) is the 13 largest ETF provider in terms of managed assets. VBAM currently has 3 US-listed ETFs with $1.0 billion in assets, which equates to a 0.2% share. VBAM had net cash outflows last year of $40 million as USO, which tracks the return of the near-month crude futures contract, had over $650 million in redemptions.

First Trust Advisors is the 14th largest ETF provider. They have 36 US-listed ETFs with $0.8 billion in assets, which equates to a 0.1% share. First Trust launched 26 new ETFs last year, none of which currently has over $100 million in total assets. The firm had net cash inflows of roughly $350 million last year.

Six other ETF providers have 48 ETFs combined with assets totaling roughly $380 million. Most of the ETFs issued by these six firms have yet to gain meaningful traction.

Exhibit 1

ETF Advisor/Trustee Market Share and Fund Flow Data

ETF Advisor/Trustee	#er Funds	Net Cash Flow ($Mil) Q4 2007	2007	2006	2005	1/30/08 Assets ($Mil)	Market Share (%)
Barclays Global Investors (iShares)	154	27,236	58,306	49,393	44,435	302,887	52.9
State Street Global Advisors (SPDRs, StreetTRACKS)	65	29,273	46,656	(776)	7,678	138,292	24.2
Vanguard	37	6,167	18,071	8,634	4,916	40,950	7.2
Powershares	101	2,083	4,737	(6,848)	370	30,981	5.4
World Gold Trust Services	1	1,091	3,474	3,602	2,502	18,717	3.3
ProShares	58	1,159	7,916	2,307	0	11,531	2.0
Bank of New York/Merrill Lynch (HOLDRS)	17	(958)	(3,899)	526	(954)	6,495	1.1
Rydex (Currency Shares)	31	(253)	1,627	1,671	711	5,228	0.9
DB Commodity Services	11	746	2,287	641	0	4,641	0.8
Van Eck Associates	8	1,821	2,729	336	0	4,449	0.8
WisdomTree	39	320	3,066	1,133	0	4,159	0.7
Claymore Advisors	36	474	1,258	154	0	1,845	0.3
Victoria Bay Asset Management	3	34	(40)	930	0	1,019	0.2
First Trust	36	175	342	180	62	840	0.1
Xshares Advisors LLC	31	119	235	0	0	244	0.0
Fidelity	1	(11)	(0)	32	51	83	0.0
FocusShares	4	24	24	0	0	19	0.0
London & Capital Asset Management	6	17	17	0	0	15	0.0
Ameristock Corp	5	(13)	(13)	0	0	13	0.0
Ziegler Capital Management	1	8	11	0	0	7	0.0
Total	645	69,512	146,805	61,916	59,771	572,415	100

Source: Bloomberg, ETF Advisors and Trustees. Note: Data aggregated by entities that most directly manage assets.

Exhibit 2

US-Listed ETF Cash Flows by Objective

Investment Objective	Funds	Net Cash Flow ($Mil) Q4 07	2007	2006	2005	01/30/08 Assets ($Mil)	Market Share (%)
Broad-Market	16	1,631	3,739	1,381	1,677	15,412	3
Large-Cap	43	31,209	48,215	(302)	9,402	182,651	32
Mid-Cap	30	644	4,957	769	4,915	29,052	5
Small-Cap	27	(692)	(306)	6,163	298	26,773	5
Micro-Cap	3	56	65	134	205	402	0
Custom	50	664	2,503	2,476	1,096	7,026	1
Dividend Income	14	(589)	90	122	2,814	8,496	1
Leveraged/Inverse	64	1,229	7,987	2,307	0	11,599	2
Sector & Industry	174	6,819	12,266	8,897	6,476	65,311	11
International	120	19,235	42,360	25,440	22,488	148,762	26
Global	26	1,815	3,231	860	730	6,832	1
Fixed Income	52	5,051	13,360	5,767	6,782	37,844	7
Commodity	15	2,001	6,067	7,016	2,800	28,621	5
Currency	11	438	2,272	886	90	3,634	1
Total	645	69,512	146,805	61,916	59,771	572,415	100

Source: Bloomberg, ETF Advisors and Trustees

Exhibit 3

Issuance by Market Segment and Provider

New ETFs by Type	2005	2006	2007	Total ETFs	Assets ($ Mil)	Market Share (%)
US Equity	44	101	97	356	334,780	58.5%
International Equity	6	24	53	122	148,794	26.0%
Global Equity	0	5	13	26	7,154	1.2%
Leveraged/Inverse	0	12	52	64	11,599	2.0%
Commodity	1	4	8	14	28,610	5.0%
Currency	1	7	3	11	3,634	0.6%
Fixed Income	0	1	45	52	37,844	6.6%
Total	52	154	271	645	572,415	100%

New ETFs by Issuer	2005	2006	2007	Total ETFs	Assets ($ Mil)	Market Share (%)
Barclays	5	18	34	154	302,887	52.9%
State Street	9	12	22	65	138,292	24.2%
Vanguard	3	4	10	37	40,950	7.2%
PowerShares	32	33	27	101	30,981	5.4%
World Gold Trust Services	0	0	0	1	18,717	3.3%
ProShares	0	12	46	58	11,531	2.0%
Bank of NY/Merrill (HOLDRs)	0	0	0	17	6,495	1.1%
Rydex	2	21	7	31	5,228	0.9%
DB Commodity Services	0	2	9	11	4,641	0.8%
Van Eck	0	3	5	8	4,449	0.8%
Wisdom Tree	0	30	9	39	4,159	0.7%
Claymore	0	9	27	36	1,845	0.3%
Victoria Bay	0	1	2	3	1,019	0.2%
First Trust	1	9	26	36	840	0.1%
Xshares Advisors LLC	0	0	31	31	244	0.0%
Fidelity	0	0	0	1	83	0.0%
FocusShares	0	0	4	4	19	0.0%
London & Capital Asset Manag.	0	0	6	6	15	0.0%
Ameristock Corp	0	0	5	5	13	0.0%
Ziegler Capital Management	0	0	1	1	7	0.0%
Total	52	154	271	645	572,415	100%

Source: Morgan Stanley Research, Bloomberg. Assets and Market Share as of 01/30/08

The "Value" of Fundamental Indexing

Introduction

Over the past few years, new ETFs have been introduced on indices that use alternative methodologies to weight or select index components. This approach has been called fundamental or enhanced indexing. The purpose of this report is to compare the construction of selected traditional and fundamental indices and show relative performance over certain time periods. Although fundamental indices are designed to outperform traditional market indices, we believe indices that outperform in certain environments can underperform in others. Perhaps the simplest conclusion that can be drawn from this report is that investors should "know what they are buying" and understand how these new indices differ from established benchmarks.

Traditionally, most well known indices have weighted components based on market capitalization. Long-established indices such as the S&P 500 or Russell 3000 were designed to replicate the performance of the investable markets. They were initially used to measure the performance of active managers. The first funds following these indices were designed for investors that believed in efficient markets and that it was unlikely that active managers would routinely outperform net of taxes and fees. The one major established market benchmark that is not "market-cap" weighted is the price weighted Dow Jones Industrial Index.

Recently introduced indices weight components based on company fundamentals such as dividends, earnings or book value. The proponents of fundamental indexing believe markets are less efficient and they attempt to avoid overvalued situations such as growth stocks in the late 1990s. Some of these indices are reconstituted and rebalanced more frequently than traditional indices, which can result in higher transaction costs and lower tax efficiency. Most of these indices are relatively new and based on back tested historical data. Performance data on these indices does not normally reflect market impact or commissions due to rebalancing.

We studied selected indices in four market cap segments. For large cap, we compared the S&P 500, S&P/Citibank 500 Growth and Value, S&P 500 Equal Weight, WisdomTree Large Cap Dividend, and FTSE RAFI US 1000 indices. For mid cap, we compared the S&P 400, S&P/Citibank 400 Growth and Value, and WisdomTree Mid Cap Dividend indices. For small cap, we compared the S&P 600, S&P/Citibank 600 growth and value, WisdomTree Small Cap Dividend, and Zacks Small Cap indices. For broad market exposure, we compared the Russell 3000, Russell 3000 Growth and Value, WisdomTree Dividend, and PowerShares Dynamic Market Intellidex Indices.

In comparing performance, we looked at many periods over the past twelve years. This included one, three, five, ten and twelve year returns. We believe the twelve-year comparisons are most relevant since most of the fundamental indices we studied have a value bias and growth outperformed during the first five years, while value outperformed for the past seven years. Looking at the last ten years may favor indices with a value bias since value outperformed growth in seven of the ten. Investors should be aware that historical results are not an indicator of future performance potential and our performance data is intended to illustrate historical relationships in different market environments.

Summary observations

Our analysis indicates that the fundamental indexing results in different compositions than traditional market-cap indices. Fundamental indices may skew market cap and sector exposure. For example, in the large cap segment, the WisdomTree LargeCap Index had higher mean and median market caps than the S&P 500 Index, while the RAFI 1000 Index had lower mean and median market caps than the S&P 500. In the mid cap segment, Financials represent 46% of the WisdomTree MidCap Index, which is 30% more than sector's weight in the S&P MidCap 400. The fundamental indices may also result in higher or lower volatility than traditional indices.

We found that all of the fundamental indices in our study had a high correlation with traditional value indices. They tend to perform well when value stocks do well and may underperform when growth stocks are doing well. Within large cap, the WisdomTree LargeCap and S&P Equal weight indices had similar 12-year returns and correlations of 0.94 and 0.97 with the S&P 500/Citigroup Value Index. The S&P Equal Weight had more directionality and was the best or worst performer of the fundamental indices in 50% of the years we studied. Interestingly the S&P 500 Equal Weight Index had a high correlation to the S&P 400, which we believe indicates a smaller cap bias. Our analysis of broad market indices shows a high correlation and similar returns between the WisdomTree Dividend and Russell 3000 Value Indices.

We saw similar results in the mid and small cap areas. However, we did not have 12 years of data for all indices. In the mid cap area, the S&P/Citibank MidCap 400 Growth had the best 10-year returns and for small cap the WisdomTree SmallCap Dividend Index had the best returns.

Selected Market Cap Weighted and Fundamental Indices

Selected Market Cap Weighted Indices

The S&P 500, MidCap 400 and SmallCap 600 indices measure the performance of the large, mid and small cap sectors of the US equity market. They are capitalization-weighted and include a broad range of securities chosen by an S&P Index Committee for size, liquidity and industry group representation. The Committee follows published rules and meets regularly. Changes to the indices come as necessary throughout the year.

The S&P/Citigroup Growth and Value Indices include growth or value stocks from their respective market cap index universes. They use three growth and four value factors to determine style. The indices are market cap weighted and the growth and value sub indices approximate 50% of the market capitalization of each broader index. One-third of the market cap in the broader index is fully allocated to growth, one-third fully to value, and the remaining stocks without predominant growth or value characteristics are spilt proportionally between the two. This results in the number of companies in the growth and value indices being greater than in the broader indices. However, on a market cap basis the combined growth and value indices equal the broader indices upon annual rebalancing.

The S&P Equal Weight Index has the same constituents as the S&P 500 Index. However, each company is allocated an equal fixed weight of 0.20% at quarterly rebalancings. This generally results in a greater weighting of the smaller-cap and value stocks in the S&P 500. The index is also adjusted to reflect changes made by the S&P Index Committee.

The Russell 3000 Index consists of U.S. common stocks ranked from largest to smallest market capitalization. The index is reconstituted annually at the end of May. It is float-adjusted market cap-weighted and represents approximately 98% of the investable U.S. equity market.

The Russell 3000 Growth and Value Indices use a two-factor model to assign stocks from the Russell 3000 universe to its growth and value indices. Each stock in a broad index earns a score based on its Price-to-Book ratio and I/B/E/S forecast long-term growth mean to determine if it is growth, value, or both. 70% are classified as all value or all growth with the remaining 30% weighted proportionately to both the growth and the value indices. This results in the number of companies in the growth and value indices being greater than in the Russell 3000 Index. However, on a market cap basis the combined growth and value indices equal the Russell 3000 upon annual rebalancing.

Selected Fundamental or Enhanced Indices

The WisdomTree Dividend Index is broad based and measures the performance of all U.S. companies that pay regular cash dividends and meet liquidity requirements. Companies in the Index are weighted based on their projected cash dividends by annualizing the last regularly declared dividend per share and multiplying that figure by the number of shares outstanding. The Index is reconstituted annually, at which time the weight of each component is adjusted to reflect its dividend weight in the Index.

The WisdomTree LargeCap, MidCap, and SmallCap Dividend Indices are subsets of the WisdomTree Dividend Index. The LargeCap index consists of the 300 largest companies within the WisdomTree Dividend Index while the MidCap index includes companies representing the top 75% of market capitalization after the 300 largest are removed. The SmallCap index includes the bottom 25% of market capitalization of the WisdomTree Dividend Index after the 300 largest are removed.

The FTSE RAFI US 1000 Index is designed to track the performance of large U.S. equities. Constituents are selected based on four fundamental measures of firm size: latest available book value, cash flow, sales and dividends averaged over the prior five years. An overall weight is calculated for each company by equally weighting each fundamental measure. For companies that have never paid dividends, that measure is excluded from the average. Each of the 1000 equities with the highest fundamental weight are then selected and assigned a weight equal to its fundamental weight. The index is reconstituted annually.

The Zacks Small Cap Index has 250 components. They are selected based on proprietary quantitative methodology designed to identify a group of small cap stocks with the greatest potential to outperform the Russell 2000 and small cap asset managers. The Index is calculated using a tiered weighting methodology and rebalances quarterly.

The Dynamic Market Intellidex Index utilizes rules-based quantitative analysis to select stocks. It evaluates a variety of investment value determinants such as fundamental growth, stock valuation, timeliness, and risk factors. This process occurs quarterly as components are selected from the 2,000 largest U.S. stocks. The Market Intellidex is a modified equal dollar weighted index comprised of 100 large, mid and small cap companies with sector weightings resembling the U.S. marketplace.

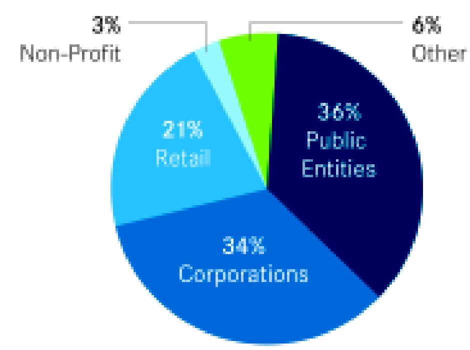
THE BARCLAYS GLOBAL INVESTORS ADVANTAGE

Barclays Global Investors (BGI) believes an optimal investment outcome can best be achieved through Total Performance Management—understanding, measuring, forecasting and managing the three dimensions of investment performance—return, risk, and cost.

RESEARCH	INNOVATION	LEADERSHIP	RISK MANAGEMENT
BGI's team of experienced academics and investment professionals focuses on the continuous improvement and refinement of BGI's investment strategies	BGI created the industry's first U.S. index fund in 1971, pioneering the index investment philosophy BGI provides innovative research papers to financial professionals on topics such as asset allocation and risk management	Key BGI team members participate in or chair index advisory committees of global benchmark providers	The firm practices sound risk management to anticipate risks and reinforce a solid internal control framework for the organization BGI's global risk management group is comprised of operations, compliance, legal, and credit groups to monitor risk independently from the firm's business groups

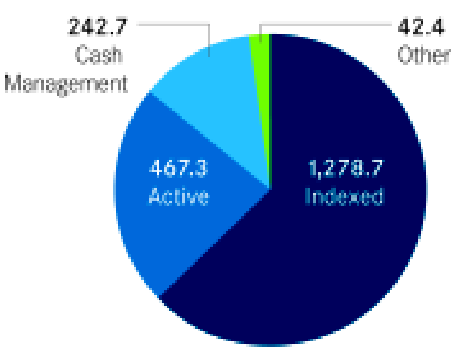
BARCLAYS GLOBAL INVESTORS CLIENTS BY TYPE

As of June 30, 2007



TYPES OF ASSETS UNDER MANAGEMENT IN US$ BILLIONS

As of June 30, 2007



BGI'S SIZE AND SCALE LEAD TO LOW-COST, EFFICIENT EXECUTION

- BGI is one of the world's leading asset managers, with $2 trillion in total assets for over 2,900 clients in 53 countries (as of June 30, 2007)
- The firm runs more than 2,800 funds globally, including index, market strategies, and risk-controlled active products (as of June 30, 2007)
- Advanced electronic and automated trading capabilities enable BGI's experienced traders to tap into nearly every conceivable point of liquidity
- BGI is the largest manager of assets benchmarked to the Russell indexes,* and the iShares ETFs benchmarked to Russell indexes benefited from the 2007 Russell Reconstitution as a result of the following:
  - By participating in BGI's internal crossing network, the iShares ETFs benchmarked to Russell indexes saved approximately $3.8 million in potential commission expenses
  - Minimized market impact and potential recognition of capital gains, while achieving tight tracking to funds' respective benchmarks

* *Source: Frank Russell Company.*

BARCLAYS

THE iSHARES® ETF ADVANTAGE

iShares are Exchange Traded Funds (ETFs) that closely track over 100 of the industry's leading benchmarks, including indexes from Standard & Poor's, Frank Russell, Morgan Stanley Capital International, Lehman Brothers, and Dow Jones.

BENEFITS OF iSHARES ETFs

Tax Efficient. Zero capital gains distributions from 2002-2005

Low Cost. Domestic index ETFs have an average expense ratio of 25 bps (excludes sector funds)

Transparent. Daily holdings, historical performance, and sector weights available on iShares.com

SIMPLE SOLUTIONS

With their focus exclusively on ETFs, the iShares business development team is dedicated to educating and consulting with investment professionals, as well as offering practical and scalable solutions.

- iShares ETFs are portfolio management tools, and can be used to deliver BGI's investment philosophy of Total Performance Management
- Implement strategies grounded in Modern Portfolio Theory
- Use iShares in 100% ETF portfolios, or in combination with actively managed stock, bond, fund, or SMA portfolios

iSHARES.COM TOOLS

iShares.com hosts educational events and provides web-based portfolio construction based on Modern Portfolio Theory to help investment professionals build better portfolios and produce non-branded, persuasive client proposals

The Correlation Calculator
Identify iShares Funds for portfolio completion, hedging concentrated positions, and harvesting tax losses

The Asset Class Illustrator
Historical risk/return analysis for illustrating diversified rebalanced portfolios of active and index investments

The Allocation Proposal Tool
Model custom asset allocation solutions and present your recommendations in this unbranded client proposal

The Fixed Income Portfolio Builder
Construct custom fixed income portfolios of iShares Funds to target specific credit quality, duration and yield characteristics

Index Comparison Tool
Select from a broad array of indexes and compare the differences in market capitalization, holdings, sectors, returns, risks and correlations

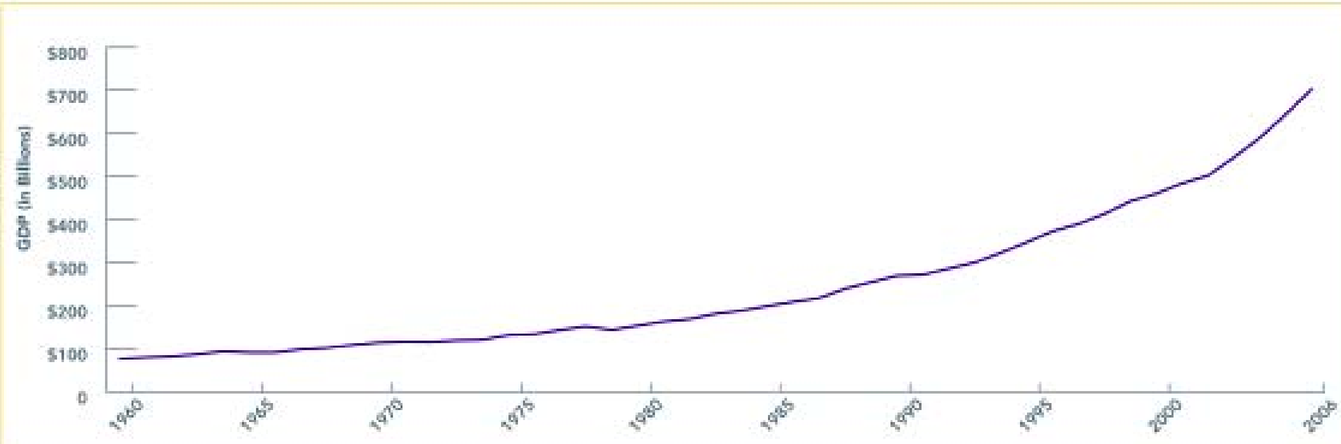
The Opportunity of India

THE CASE FOR MAKING INDIA PART OF YOUR INVESTMENT STRATEGY

India's Fast-Growing Economy

Home to more than one billion people, India is not just the world's largest democracy; it also has one of the fastest-growing economies in the world. As India's regulatory structure has become more accommodating to free markets and foreign investment, India's economy—and its stock market—has posted stellar growth over the past decade. The graph below charts the pace of India's growth in gross domestic product (GDP), adjusted for inflation from 1960 through 2006.

Growth in India Real GDP, 1960–2006



Source: Securities and Exchange Board of India, Annual Report 2006–2007

Influx of Foreign Investment into India

Since 1993, more than $50 billion has been invested cumulatively, with most of the net inflows coming between 2003 and 2007. Coupled with rapid economic growth, foreign purchases of Indian financial assets have helped to increase the value of the Indian rupee versus the U.S. dollar over the past five years, contributing to the return of India's stock market. The charts below illustrate this point.

Cumulative Net Foreign Institutional Investment ($ Billions)

Source: Securities and Exchange Board of India

Rupees per Dollar, January 1995–December 2007

Source: Bloomberg

Introducing EPI: the WisdomTree India Earnings Fund

Past performance is not indicative of future results.

EPI

WisdomTree India Earnings Fund Overview

About EPI

Broad exposure: EPI is designed to track the WisdomTree India Earnings Index, which measures the performance of approximately 150 securities listed in India that are available to foreign institutional investors as of the annual index measurement date.

Fundamentally weighted: Only profitable companies are selected for inclusion in the index.[1] Company weights are based on reported net income in the most recent fiscal year.

Low-cost[2] ETF: EPI expenses 0.88%.

Key Attributes

Local shares in the ETF structure: The ETF structure allows WisdomTree to create and redeem local shares trading on stock exchanges in India. This could help EPI to trade closer to the underlying NAV of the securities in the fund. Funds that oscillate between wide premiums and wide discounts to NAV can add unwanted volatility to a portfolio.

Exposure to the Indian rupee: Because the fund transacts in local shares, U.S. investors get access to movements in the Indian rupee.

Reduced P/E ratio* compared to MSCI India Index (as of 12/31/2007):

+ MSCI India Index: 27.4
+ WisdomTree India Earnings Index: 16.9

Index Average Annual Total Returns (01/01/1998–12/31/2007)

	1-Year	3-Year	5-Year	10-Year
WisdomTree India Earnings Index	90.32%	53.69%	57.54%	27.23%
MSCI India Index	73.11%	53.21%	50.18%	22.65%

Sources: WisdomTree, S&P, Zephyr StyleADVISOR

Performance information prior to December 3, 2007, for the WisdomTree India Earnings Index is based on hypothetical back-tested data (i.e., calculations of how an index might have performed in the past had it existed) for the specified time period(s) shown and was not calculated in real time by an independent calculation agent. Starting December 3, 2007, the WisdomTree India Earnings Index has been calculated in real time by an independent calculation agent. Index performance does not represent actual fund or portfolio performance. A fund or portfolio may differ significantly from the securities included in the Index. Index performance assumes reinvestment of dividends but does not reflect any management fees, transaction costs or other expenses that would be incurred by a portfolio or fund, or brokerage commissions on transactions in Fund shares. Such fees, expenses and commissions could reduce returns. Hypothetical back-tested performance has inherent limitations and is not indicative of future results.

Investors should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. A prospectus containing this and other information is available by calling 866.909.WISE(9473) or by visiting www.wisdomtree.com. Please read the prospectus carefully before you invest.

There are risks involved with investing, including possible loss of principal. Past performance does not guarantee future results. In addition to the normal risks of investing, foreign investing involves special risks, such as risks of loss from currency fluctuation or political or economic uncertainty. Funds focusing on a single country, sector and/or smaller companies generally experience greater price volatility.

Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits), even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

NAV (Net Asset Value): the value of assets less liabilities.

The term "premium" is sometimes used to describe a market price in excess of NAV. The term "discount" is sometimes used to describe a market price below NAV.

[1] As of the index's annual screening date.
[2] Ordinary brokerage commissions apply.
* Price/Earnings (P/E) ratio is a valuation ratio of a company's current share price compared to its per-share earnings.

Please call 866.909.WISE(9473) or visit www.wisdomtree.com for more information.

Strategies for Using EPI

Own India directly, as part of a larger asset allocation strategy: EPI gives investors access to a rapidly growing Indian economy, the equity markets of which have had relatively low correlation[3] to the returns on U.S stocks.

Overweight/underweight India: India occupies different weights in different emerging markets funds. With EPI, investors can overweight India by adding EPI to their portfolios or underweight India by selling EPI short.

Tax-loss harvesting[4]: Because its underlying index has had a high correlation to cap-weighted indexes covering India, investors can use EPI to capture unrealized losses in other India or emerging markets funds, and end up with broad exposure to the Indian market.

Spread trades: The difference in P/E ratios suggests investors could short a capitalization-weighted India index fund and go long EPI in an attempt to capture a difference in returns.

The strategies above are to illustrate various uses of the fund, when suitable. Please consult with your financial professional to determine which strategy may apply to your particular financial plan.

[3] Correlation is a statistical measure of how an index moves in relation to another index or model portfolio. A correlation ranges from -1 to 1. A correlation of 1 means the two indexes have moved in lockstep with each other. A correlation of -1 means the two indexes have moved in exactly the opposite direction.

[4] Neither WisdomTree Investments, Inc., nor its affiliates, nor ALPS Distributors and its affiliates provide tax advice. All references to tax matters or information provided are for illustrative purposes only and should not be considered tax advice and cannot be used for the purpose of avoiding tax penalties. Investors seeking tax advice should consult an independent tax advisor.

WISDOMTREE™

 WIS001028 (02/09)

ELEMENTS[SM]

The ELEMENTS of ETNs

IT'S EASY TO FIND INVESTMENTS TRACKING the performance of such popular market benchmarks as Standard & Poor's 500-stock index or the Russell 2000. But to achieve true diversification, you need to add investments whose performance is not correlated with the ups and downs of stock and bond markets.

An innovative type of investment—exchange-traded notes, or ETNs—may solve this problem. ELEMENTS, a new line of ETNs, could prove particularly versatile. "We are committed to delivering innovative investment strategies and more choice to investors looking to diversify their portfolios," says Satch Chada, Managing Director of the Financial Products Group at Merrill Lynch.

ELEMENTS uses the ETN structure to provide access to a variety of asset classes (such as equities, commodities and currencies) and strategies (such as momentum investing, which tracks industry groups in which stock prices are rising fastest). Like equities, ELEMENTS also offers the liquidity provided by exchange listing, allowing investors to trade ELEMENTS on the exchange at market prices during trading hours.

Additionally, Equity- and Commodity-linked ELEMENTS are intended to offer a tax efficient way to invest, where under the current tax treatment, gains and losses are based on when the investor actually buys or sells their investment. In comparison, mutual funds and ETFs are often required to make yearly taxable income and capital gains distributions to their shareholders. That means Equity-linked and Commodity-linked ELEMENTS investors only realize gains or losses upon the sale, maturity or repurchase by the issuer of their Equity-linked and Commodity-linked ELEMENTS. Currency-linked ELEMENTS, however, generally will be treated as "foreign currency" debt instruments for U.S. federal income tax purposes, and investors should treat any distributions as ordinary income at the time such distributions are accrued or received, in accordance with their regular method of tax accounting. Gain or loss recognized in connection with the maturity or repurchase by the issuer of Currency-linked ELEMENTS will generally be treated as ordinary income or loss to the extent attributable to fluctuations in exchange rates.

Of course, like any other investment choice, the decision to add an ETN to a portfolio depends on your allocation strategy, risk profile and other factors. Your Financial Advisor can tell you more about these new investments and help you weigh the risks and potential benefits.

OGC: Chuin Lee (3/13/08) / Jim Cato (3/28/08)
RP: Marguerite Sheridan (MSG08-777, 3/17/08)

DEUTSCHE BÖRSE
MARKET DATA

Dr. Hartmut Graf
Head of Issuer Data & Analytics, Deutsche Börse AG

Index architecture determines its performance

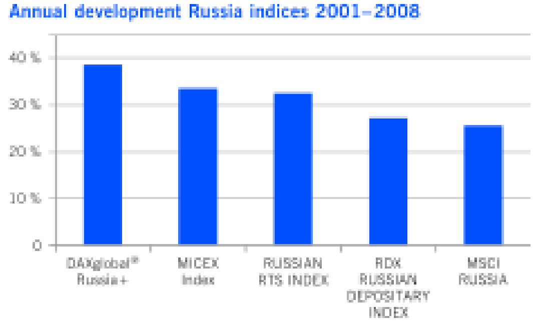
For investors and ETF suppliers alike it becomes increasingly difficult to keep track with the ever growing number of available indices and the strategies behind them. Seemingly similar indices might show distinct conceptual differences leading to significant performance diversions. When selecting an index, a critical look at its quality should be mandatory as it determines the success of the ETF based on the index.

Today, investors are spoiled for choice when searching for a passive investment as the market for passive products has been growing for years. As the index producers answered to the increasing demand, there are a great variety of index concepts available today. The example of Russia will be used to demonstrate conceptual differences within various indices.

For many investors Russia is a suitable market for passive investments as less sophisticated investors seek for possibilities to participate despite the lack of in-depth market knowledge. Next to products from local suppliers such as the two Russian exchanges MICEX und RTS, there are indices from regional and international index providers such as Dow Jones, MSCI, Deutsche Börse or the Wiener Börse.

Looking at the development over the last seven years, the portrayed Russia indices present significant differences in performance. The strongest index within the group, the DAXglobal® Russia+, shows an annual performance advantage of above 10 percent compared to the weakest of the indices included, the MSCI Russia. Looking at individual years, the disparity can be two or even threefold.

Annual development Russia indices 2001–2008



Source: Deutsche Börse/Bloomberg

Index concept has lasting effect on performance
Why is it that indices which all propose to replicate the same market perform so fundamentally different? Why do we have different index structures? The reason is not all indices aim at the same goal. With the number of companies included in the index, for example, the index providers determine the index focus with respect to either broad coverage or liquidity as both cannot be reached concurrently. If you include more companies in an index with the aim to increase the coverage, the company size of included companies will most probably decrease and with it usually the liquidity of the index. A broad coverage is generally aimed at if the overriding purpose of an index is to provide broader market information – which companies are traded in that particular market and how do they develop? An example of such structure is the MSCI Russia Index.

If indices serve as basis for financial products, the liquidity will be decisive. If individual values within the index are not sufficiently liquid it is often more expensive to replicate it. Higher costs are, however, not in the interest of ETF suppliers or investors. With high minimum requirements, The DAXglobal® Russia+ index concept ensures sufficient liquidity.

But there are other differentiators: local exchanges often include companies which are listed locally only. Other indices are selected by a committee instead of transparent rules. Some indices limit the maximum weight an individual company may have, others are dominated by very few values and are therefore not sufficiently diversified. Asia is a further example of index concept diversity resulting in differing performances as much as Russia does.

Transparency, liquidity and methodology destine the direction
To compile a universally valid check list for index evaluations is difficult. Nevertheless, investors and ETF providers will benefit from some general rules which all Deutsche Börse indices follow. The Index should be transparent which means they must be completely rule based. Focussed on liquidity, the index concept should also include regional and local characteristics.

CBOE
CHICAGO BOARD OPTIONS EXCHANGE

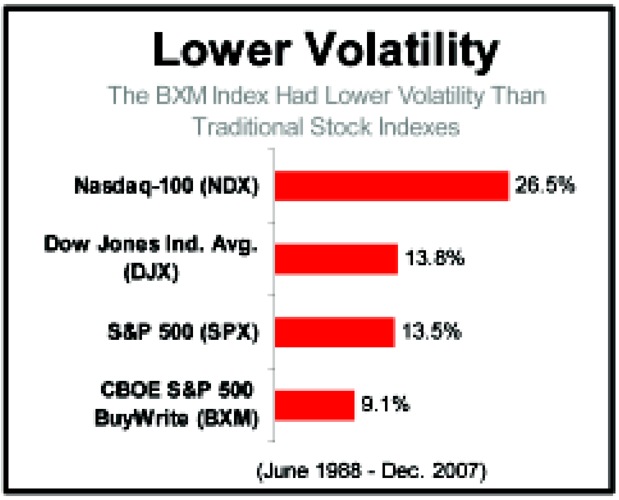
Options-based Indexes – Income, Diversification and Risk Management

By Matthew Moran, Vice President, Chicago Board Options Exchange
April 2008

Since the introduction of the CBOE S&P 500 BuyWrite Index (BXM) in 2002, there has been a tremendous increase in interest in options-based strategies, and more than $30 billion have been allocated to options-based funds.

CBOE S&P 500 BuyWrite Index (BXM)
Key features of the BXM Index --

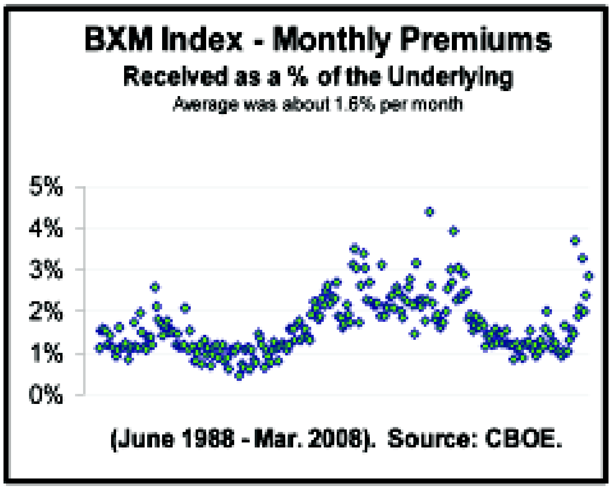
- Benchmark for strategy --
  - buy portfolio of S&P 500 stocks
  - write (sell) cash-settled S&P 500 Index options for income, usually on the 3rd Friday of every month
- Announced in 2002 – study by Duke U.
- Data history back to June 1988
- "Innovative Index of the Year" award in 2004
- More than $30 billion in buywrite funds
- www.cboe.com/BXM



Higher Income. As the CBOE Volatility Index (VIX) has risen in recent months, the amount of premium collected per the BXM strategy has averaged 2.6% in the last six months.

	BXM Monthly Premium Received (As a % of Underlying)	Month-end Price CBOE Volatility Index (VIX)
May-07	1.3%	13.05
Jun-07	1.5%	16.23
Jul-07	1.5%	23.52
Aug-07	3.7%	23.38
Sep-07	1.9%	18.00
Oct-07	2.1%	18.53
Nov-07	3.3%	22.87
Dec-07	2.0%	22.50
Jan-08	2.4%	26.20
Feb-08	2.8%	26.54
Mar-08	2.7%	25.61

Sources: CBOE and Bloomberg.

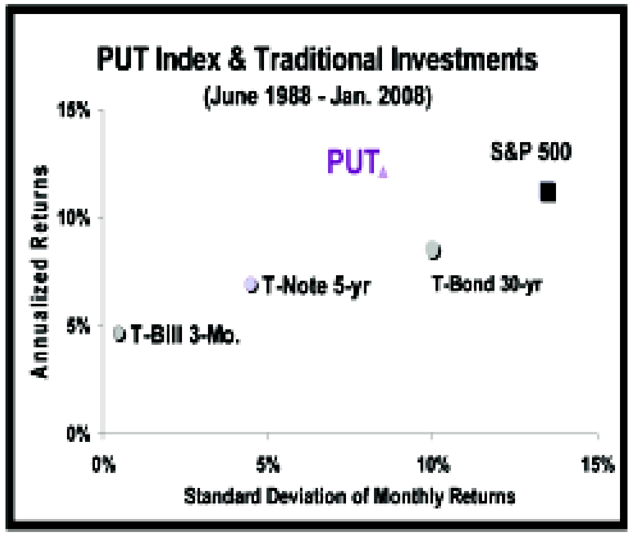


Both the BXM and PUT Indexes outperformed the S&P 500 Index in each of the six calendar months from October 2007 to March 2008.

CBOE S&P 500 PutWrite Index (PUT)

Key features of the PUT Index --

- Benchmark index introduced in June 2007
- Price history back to June 1988.
- CBOE is publishing daily closing price data.
- Bloomberg ticker is PUT [Index]
- PUT strategy is designed to sell a sequence of one-month, at-the-money, S&P 500 Index puts and invest cash at one- and three-month Treasury Bill rates.
- Innovative Index of the Year Award in 2007
- www.cboe.com/PUT



Key Studies

- Fund Evaluation Group. Study of BXD and VXD Indexes (2007) at www.cboe.com/BXD
- Callan Associates. An Historical Evaluation of the CBOE S&P 500 BuyWrite Index (BXM). (Oct. 2006). at www.cboe.com/BXM
- Goldman Sachs. "Finding Alpha via Covered Index Writing," *Financial Analysts Journal*. (September/October 2006).
- Ibbotson Associates. Feldman, Barry, and Dhruv Roy, "Passive Options-Based Investment Strategies: The Case of the CBOE S&P 500 BuyWrite Index." *The Journal of Investing*. (Summer 2005). at www.cboe.com/BXM
- Duke University. Whaley, Robert. "Risk and Return of the CBOE BuyWrite Monthly Index" *The Journal of Derivatives* (Winter 2002).

www.cboe.com/buywrite

Capital Link

Strategic Focus on Linking Investors, Closed-End Funds & ETFs

Capital Link is an international investor relations and financial advisory firm that since 1995 assists international institutions, stock exchanges and companies to develop and maintain access to European and North American investors, analysts and financial media, take advantage of favorable opportunities in the international capital markets, and to identify and approach the proper business and financial partners.

Our services range from corporate and capital markets advisory to internet-based financial communications, to investor targeting and the organization of corporate road shows and investment conferences. We are among the few companies internationally capable to combine in-depth investor relations expertise with extensive technological capabilities, as well investor relations with financial media in the United States and Europe.

We provide **vertically integrated service packages**, which effectively support our clients along all phases of the investor relations process. We help them establish and deliver their message to the investment community; identify their target investor and analyst group, establish and maintain contact with them, gather investor and analyst feedback and keep and track of their competitors.

US Closed-End Funds and Global ETFs

- **Annual Closed-End Fund and Global ETF Conference in New York:** A major industry event, now its 7th year, where CEFs and ETFs present their views and developments to a large audience of advisors, investors and financial media. Attendance in excess of 400 annually; panels are moderated by analysts.
- **Annual Awards for Closed-End Funds, ETFs and Analysts:** Presented to fund sponsors who apply high standards of financial disclosure, shareholder and investor relations and innovation. Also, to analysts for their research contribution. Based on nominations by industry analysts and market participants. Capital Link is not part of the Nominating Committees.
- **www.ClosedEndFundForum.com, www.ETFForum.com:** Web-based resources enabling CEFs and ETFs to expand their investor reach and providing the investment community with updated information on CEFs, ETFs and the industry's trends and developments.
- **Fund Input:** Web-based system for CEFs to update their data & profile. Generate Fact Sheets & reports.

Excellence in Investor Relations and Financial Communications
Your Link with the Global Investment Community

Capital Link – New York – London - Athens
230 Park Avenue • Suite 1536 • New York • New York 10169, USA • Tel.: +1 212 661 7566 • Fax: +1 212 661 7526
www.capitallink.com - www.capitallinkforum.com
www.closedendfundforum.com - www.etfforum.com - www.cefawards.com - www.etfawards.com

AlphaDEX™
FAMILY OF ETFs

Most index funds track market averages that weight companies based on one factor – market capitalization.

AlphaDEX exchange-traded funds are not your average index funds. They track indexes that apply a unique screening process which selects and weights stocks based on fundamental valuation criteria.

While AlphaDEX funds follow an enhanced indexing approach to investing, they still provide all the benefits you've come to expect from exchange-traded funds.

To learn more about the AlphaDEX family of exchange-traded funds, call First Trust at 1-800-621-8726 or visit www.ftportfolios.com.

First Trust

FIRST Trust
ADVISORS L.P.

You should consider a fund's investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus which contains this and other information about a fund, contact First Trust. Read the prospectus carefully before you invest.

An investment in a fund involves risks similar to those of investing in any fund of equity securities traded on exchanges, including the risk that fund shares or stocks in general may fall in value. A fund's shares will change in value, and you could lose money by investing in a fund.

You should anticipate that the value of the shares will fluctuate, more or less, in correlation with the value of the index. Investors who sell fund shares may receive less than the share's net asset value. Investors buying or selling fund shares on the secondary market may incur brokerage commissions.

Although the AlphaDEX funds track indices that are designed to identify stocks that may generate positive alpha relative to traditional market cap-based passive indices, there can be no guarantee that any AlphaDEX fund will perform well or outperform the related passive index.

First Trust Advisors L.P. is the adviser to the funds. First Trust Portfolios L.P. is the funds' distributor.